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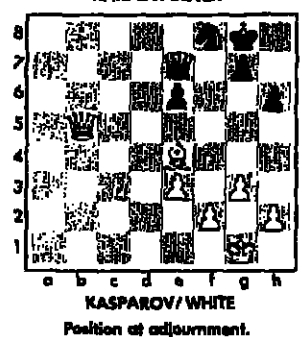
Caution By Husak Successor

Chief of Party Rules Out New 'Prague Spring'

By Jackson Diehl Washington Post Service PRAGUE — Czechoslovakia's new Communist leader, Milos Jakes, committed himself to the party's long-standing conservative political line Friday...

Kasparov Has Lead In the Final Game

The Associated Press SEVILLE, Spain — The 24th and final game of the world chess championship between the titleholder, Garry Kasparov, and his challenger, Anatoli Karpov, was adjourned Friday...



Anatoli Karpov, the challenger, stopped his clock Friday after his initial move in the final game.

Israelis Kill 3 In Gaza

New Violence Dims Hopes for End to Bloodshed

By John Kifner New York Times Service JERUSALEM — Three more Palestinian demonstrators were killed by Israeli troops Friday as violence again swept through the occupied Gaza Strip...

AIDS Virus May Damage the Brain First, New Findings Show

By Michael Spector Washington Post Service symptoms of acquired immune deficiency syndrome appeared. The findings have alarmed public health officials and experts expect the results, which scientists describe as preliminary...

Boesky Sentenced to 3-Year Term On Conviction for Insider Trading

Compiled by Our Staff From Dispatches NEW YORK — Ivan F. Boesky, the most prominent investor toppled by Wall Street's insider trading scandal, was sentenced Friday to three years in prison by a federal judge...

Verdict on Mafia: Still a Major Force Despite the Trial, Organization Remains a Way of Life

By Roberto Suro New York Times Service PALERMO, Sicily — "The Mafia organization continues to function," Mimmo Signorino, a deputy prosecutor, said the morning after a jury returned 338 guilty verdicts in the most successful law enforcement effort ever undertaken against the Sicilian underworld...



Ivan F. Boesky leaving a New York courtroom Friday after being sentenced to prison.

Kiosk Rebels Accept Nicaragua Truce

MIAMI (AP) — The Nicaraguan rebels have accepted a new round of talks and a two-day Christmas truce and are willing to extend the cease-fire indefinitely if the Sandinistas halt their attacks and move toward democracy, a rebel leader, Aristides Sanchez, said Friday...

Marguerite Yourcenar, the only woman elected to the Academie Française, has died. Page 2. GENERAL NEWS President Mitterrand sought to reassure West Germany about how far France would go to defend its neighbor. Page 2. SPORTS Mats Wilander and Anders Jarryd won their Davis Cup matches, giving Sweden a 2-0 lead over India. Page 19. BUSINESS/FINANCE British Petroleum has launched a £2.27 billion bid for British PLC. Page 13. Dow close: UP 50.90 The dollar in New York: DM £ Yen FF 1.6335 1.8235 127.00 5.5255

To Grandmother's House We Go (Not Again!)

By Jane E. Brody New York Times Service NEW YORK — For many families who gather each year for the holidays, reunions are not the joyous, fulfilling experiences of song and story. They are more to be endured and survived...

Soviet Diplomat at UN To Be Expelled as Spy After Arrest by FBI

United Press International
WASHINGTON — The State Department on Friday ordered a Soviet diplomat at the United Nations to leave the country after he was arrested on charges of espionage in New York.

The diplomat, Mikhail Katkov, a second secretary assigned to the Soviet mission to the United Nations, was arrested Thursday in New York by FBI agents. He claimed diplomatic immunity and was released in the custody of the Soviet mission in New York.

State Department officials said that Mr. Katkov was expected to leave the country Sunday aboard an Aeroflot flight for Moscow.

The State Department, in announcing the expulsion, denied that the timing of Mr. Katkov's arrest had been dictated by a desire to avoid a negative impact on the Reagan-Gorbachev summit meeting, which ended Dec. 10.

However, Justice Department officials said that the surveillance and arrest of the Soviet diplomat had been closely coordinated with the State Department and that international diplomatic considerations and the summit atmosphere were factors in the timing of Mr. Katkov's arrest.

Administration officials said that Mr. Katkov has attempted to buy classified, technical information from a military contractor in New York. One official said, "It was not a terribly big deal."

A Compromise at UN
Paul Lewis of The New York Times reported from the United Nations:

A UN panel on Friday agreed to press ahead with technical studies for new conference centers in Addis Ababa and Bangkok, but refused to vote new money to finance construction.

The agreement reached by the General Assembly's budget committee represents a compromise between Third World nations, who want the conference centers built, and most Western countries, who call such spending unwise when the United Nations has serious financial difficulties and Ethiopia faces a famine.

The compromise will allow the UN secretary-general, Javier Pérez de Cuellar, to spend about \$3 million on architectural and engineering studies over the next two years for the conference centers, which were approved by the UN General Assembly in 1983, delegates said.

This money will come out of funds already appropriated for the two projects. However, at Western insistence the agreement does not provide any new money and will not allow construction to be started.

Delegates said the dispute over the conference centers, which are expected to cost over \$110 million, had become a highly charged political struggle between the Third World and developed nations in the West.

The budget committee also reached tentative agreement Friday on overall spending of \$1.768 billion for the UN headquarters over the next two years. This is higher than the \$1.711 billion budget for 1986-87 and well above the \$1.681 billion that Mr. Pérez de Cuellar originally requested.

UN officials have said that the additional money is needed because of inflation and the recent sharp decline in the value of the U.S. dollar.

Meanwhile, the U.S. Congress

appears ready to contribute appreciably more money this year for the United Nations and its specialized agencies around the world than the Reagan administration had expected, according to congressional staffers and UN budget officials.

Senate and House conferees agreed this week to appropriate \$480 million as the U.S. contribution toward the cost of the United Nations and the 43 other international organizations that the United States belongs to.

The administration had asked for \$571 million, but was expected a few weeks ago to get only \$300 to \$350 million.

Vote on PLO Mission
 The General Assembly voted 145-1 on Thursday to keep open the Palestine Liberation Organization observer mission in New York and called on the United States not to violate the UN Headquarters Agreement by closing it, United Press International reported from New York. Israel cast the negative vote. The United States did not participate in the voting.



Police Arrest 1,000 in Seoul Battle for Ballot Boxes

Riot police in Seoul marching away some of about 1,000 protesters arrested Friday after they took over a city office and seized three ballot boxes that the opposition said could prove allegations of fraud in the presidential elections. More than 4,000

police took control of the building and the ballot boxes after a two-hour clash in which 42 persons were hurt. In Kwangju, a stronghold of the opposition leader Kim Dae Jung, about 10,000 persons protested. Nationwide, officials reported 1,200 arrests.

WORLD BRIEFS

Memo on Bush Termed Inconclusive

WASHINGTON (AP) — The chairman of the House of Representatives committee on the Iran-contra affair said Friday that there was still not "a full and complete explanation" of Vice President George Bush's view of the arms-for-hostages transactions.

Representative Lee H. Hamilton, Democrat of Indiana, said a memo released Thursday by the Senate investigative committee was important evidence "but not conclusive" on Mr. Bush's role.

The memo, written by John M. Poindecker, then national security adviser, in a White House computer, indicates that Mr. Bush "was a solid backer of the Iran arms sales," Mr. Hamilton said in a CBS television interview. Mr. Bush said Thursday that the memo was unimportant.

Deaver Prosecutor Urges New Laws

WASHINGTON (UPI) — Whitney North Seymour Jr., a U.S. independent prosecutor, urged Congress on Friday to revamp the Watergate-era government ethics law because it does nothing to stop the type of lobbying that led to his successful perjury case against Michael K. Deaver.

Mr. Seymour said the present ethics act is "essentially unenforceable." He proposed outlawing communications by former senior government employees intended to influence their former agencies for specific periods. He also urged elimination of diplomatic immunity for foreign officials whose consultants are under investigation for ethics violations.

"The problem is too much loose money and too little concern in Washington about ethics in government," Mr. Seymour said. "Until the attitudes of government leaders change, there is little that prosecutors can do except put a thumb in the dike."

Commons Approves U.K. Local Tax

LONDON (AP) — Despite a revolt by some members of Prime Minister Margaret Thatcher's governing Conservative Party, the House of Commons has voted to approve in principle a new kind of property tax to be levied against every adult instead of every household.

Some prominent Conservative lawmakers, including former Prime Minister Edward Heath, voted against it, abstained or were absent. The Local Government Finance Bill requires final approval from the House followed by debate and approval in the House of Lords before it can become law.

Mrs. Thatcher has said the legislation is the cornerstone of her third-term program aimed partly at curbing socialist city authorities. But the proposals are unpopular with the public, and Conservative dissidents said they could cost the government the next election. The Department of Environment said the average property tax, known as rates, is £440 (£810) a year and the average new tax for each adult will be £178.

Iraq and Iran Hit Tankers in the Gulf

MANAMA, Bahrain (Combined Dispatches) — Iraqi planes attacked a supertanker in the Gulf on Friday, forcing it to run aground, and Iranian gunboats attacked a tanker loaded with Kuwaiti crude oil and another headed for Saudi Arabia, setting one afire and knocking out the radar of another, shipping officials said and a unit that monitors shipping traffic said.

There was no report of casualties in any of the attacks in the Gulf. Lloyd's Shipping Intelligence Unit, based in London, said that the Maltese-registered 269,980-ton supertanker Free Enterprise was hit by missiles fired by Iraqi planes and ran aground with a load of Iranian crude oil.

Two Iranian gunboats fired rocket-propelled grenades and cannons at the 280,578-ton tanker Saudi Splendor, which flies the Libyan flag, off the port of Dubai, knocking out its radar, shipping executives in Bahrain said. They said three gunboats fired on the Norwegian-owned 290,762-ton Happy Karl, which was carrying Kuwaiti crude oil, near the Strait of Hormuz, setting it afire. (AP, Reuters)

For the Record

The Nobel Prize-winning physicist Carlo Rubbia of Italy was elected Friday to a five-year term as director-general at CERN, the 14-nation particle physics research center near Geneva, starting a year from January. (Reuters)

The minimum wage for Portuguese industrial workers will rise 8 percent Feb. 1 to 27,200 escudos (\$210) a month, the government said Friday, while the minimum wages for farm and domestic workers will rise about 11 percent to 24,800 escudos and 19,500 escudos, respectively. (Reuters)

The Soviet Union has issued a stamp commemorating the U.S.-Soviet arms treaty, Tass said Friday. The news agency said the stamp features the U.S. and Soviet flags, separated by a palm branch, over a caption calling the treaty "the first step toward a nuclear-free world." (UPI)

TRAVEL UPDATE

Spain's Rail Workers Protest Job Cuts

MADRID (Reuters) — Workers of Spain's state-owned railways staged a series of strikes on Friday to protest job cuts, the company and unions said.

The railway said 21 percent of its workers heeded a call to strike three hours in each eight-hour shift. The unions said 70 percent took part. Similar strikes were called for Dec. 23 and Jan. 8.

A railroad spokesman said the strike had little effect on passenger or freight trains, and no effect in the northeast regions of Catalonia and Aragon.

U.K. Suspends Some Paris Flights

LONDON (Reuters) — Britain's Civil Aviation Authority has suspended on safety grounds all Paris flights to and from the new City Airport near London's business center, the agency said Friday.

Christopher Tugendhat, the agency's chairman, notified Brymon Airways and Eurocity Express, the only airlines operating at the airport, that the Paris route was "provisionally suspended pending the outcome of an inquiry into the safety of such flights."

The action followed three near-collisions since the airport opened Oct. 26 and concern voiced by Ryan officials about insufficient air control over southeast England. Although two other routes, to and from Brussels and Plymouth, were not affected, Brymon later said it would also halt its Plymouth service for the time being.

Four Eastern Airlines flight attendants walked off a jet at Stapleton International Airport in Denver to protest the pilot's decision not to get the plane's wings de-iced, an airline spokesman said Thursday. He said the pilot relented and the Denver-Atlanta flight Monday was more than an hour late taking off as a result. (UPI)

Mitterrand Seeks to Reassure Bonn on Nuclear Policy

By Joseph Fitchett
International Herald Tribune
PARIS — Seeking to reassure West Germany about how far France would go to help defend its neighbor, President François Mitterrand said Friday that French troops would help resist an attack and that France would never use its nuclear weapons against targets on West German soil.

His comments, in an interview with the news magazine Le Nouvel Observateur, reinforced similar

statements by Prime Minister Jacques Chirac in a speech Saturday to military specialists. The two leaders are expected to be rivals in presidential elections next spring.

Their statements, apparently coordinated, supported the U.S.-Soviet treaty to remove intermediate-range nuclear weapons from Europe and said that France, because of the treaty, sought tighter military cooperation among European nations.

These French policy clarifications, the two men said, should satisfy West Germans who have sought an unambiguous acceptance of French-West German military solidarity but worried that France's strategy might involve nuclear battle against an invader that would devastate parts of West Germany as well.

The statements by Mr. Chirac, a conservative, and Mr. Mitterrand, a Socialist, reiterated that France would not commit its nuclear deterrent in advance to the defense of

its allies. Since de Gaulle, French leaders have said they would launch a nuclear strike only to defend France's "vital interests," which they will not define ahead of time.

Spelling out France's commitment, Mr. Chirac said that "there cannot be a battle for West Germany that is not a battle for France" — a phrase he later clarified to exclude any automatic nuclear engagement.

Mr. Mitterrand said that the French-West German alliance "will come into play, no matter what might happen" and that he and Mr. Chirac were expressing the same idea.

Asked whether France would provide a nuclear guarantee for West Germany in the event of war, Mr. Mitterrand said: "That is a problem for the Western alliance" as a whole.

The United States and Britain are committed to using nuclear weapons to defend their troops in West Germany in the event of war, Mr. Mitterrand said. "That is a problem for the Western alliance" as a whole.

Engineers Losing Hope of Repairing Problem in West German Satellite

By Barry James
International Herald Tribune
PARIS — Engineers are increasingly dubious about the chances of providing adequate power to a malfunctioning West German satellite that was launched last month to inaugurate a new era of direct television broadcasting to homes in Europe.

A key solar panel, one of two on the \$30 million satellite, TV-SAT1, failed to unfurl when the craft was launched Nov. 20 atop a French-built Ariane rocket in French Guiana. The panels store power.

Unless engineers at a control center near Munich can unblock the panel, the satellite will be able to run only two of its four channels at full level, placing in doubt the project's economic viability.

Although engineers initially were optimistic that they could solve the problem, industry sources now say hopes that the satellite can be made fully operational are fading fast.

"We are still taking measurements," said Rolf Armin, managing director of Eurosatellite GmbH, the French-German satellite-making consortium responsible for the project. "One never gives up hope."

But he put chances of solving the problem at no more than 50-50.

Not only do the engineers face the task of deploying the stuck pan-

el, but they also must stabilize the satellite in its 22,000-mile (35,800 kilometer) geostationary orbit and orient it toward ground receivers.

The satellite was to have started beaming signals over four German-language networks in February. The November launch had been delayed more than a year because of problems with the Ariane rocket.

The West German Posts and Telecommunications Ministry, which owns the satellite and is responsible for the \$330 million direct broadcasting project, has not announced what it will do about allocating limited transmission capacity if the problem is not solved.

It took three years to devise a compromise slotting channels to West Germany's two main public service networks and to the two leading private networks.

The Germans have ordered a second satellite, but industry sources said it would be launched no earlier than 1990. Before then, cable TV operators would have an opportunity to corner much of the potential market for direct broadcasters.

Astra, Europe's first privately owned television satellite, is to be launched late next year for the Société Européenne des Satellites, which is based in Luxembourg.

Romanians Balk At Bonn Aid, Deal Over Emigration

BUCHAREST — Foreign Minister Hans-Dietrich Genscher of West Germany said that he has been unable to persuade President Nicolae Ceausescu of Romania to accept aid for his people or to wrest emigration concessions for ethnic Germans in Romania.

Neither man appeared to have pulled his punches in their talks on Thursday. West German delegation sources spoke of "very open, very frank and very blunt talks."

After the talks, Mr. Genscher said his hosts had made it clear that no foreign aid would be permitted to enter Romania. Mr. Ceausescu told his visitor that whatever was required from abroad would be imported and paid for, German sources said.

Mr. Genscher also said that he hoped his efforts on behalf of the German minority had left an impression. Bonn won Bucharest's agreement in 1978 to allow 12,000 ethnic Germans to leave every year. The accord expires next year.

Sources said Mr. Genscher wants to raise the quota and disclosed that the price West Germany pays Romania for every German allowed to leave — 8,000 Deutsche marks (\$4,900) — might be increased if Romania allowed more to go. Bonn estimates Romania's German minority at 230,000 and sources said 80 percent want to leave.

In a significant political development, presidential aides said Mr. Mitterrand believes that, unless the West stops building up nuclear weapons designed for nuclear war within Europe, Western public opinion will be panicked into seeking the total elimination of nuclear weapons.

Previously, leaders in France have maintained that French public support for nuclear deterrence was unshakable, but the aides briefing reporters on conditions that they not be named, indicated that recent breakthroughs in arms control would affect thinking in all European countries.

Although the aides would not acknowledge that Mr. Mitterrand was concerned about possible cracks in France's national consensus behind nuclear deterrence, one said: "Europeans have come to believe that nuclear war fighting means nuclear devastation in Europe."

That analysis, the aides said, explained Mr. Mitterrand's statement that France would never fight a limited nuclear war, that it would fire a single nuclear "warning" before launching all-out atomic war on an aggressor — a doctrine designed to emphasize deterrence, not nuclear war fighting.

The analysis is a new development after nearly a decade in which French leaders, including Mr. Mitterrand, have contended that the West needed to develop shorter-range nuclear weapons to maintain their deterrents' technological credibility.

U.S. Congress Approves Funds for Airport Safety

WASHINGTON — Legislation authorizing the government to spend \$20.1 billion for new air traffic control equipment and airport safety improvements won final congressional approval Friday and was sent to the White House for President Ronald Reagan's expected signature.

The House approved the measure, 410-1, a day after the Senate passed it. The measure also orders the Federal Aviation Administration to have at least 15,900 air traffic controllers working by Sept. 30, 1988. That is about 500 more than currently working.

The company estimates that it will have a potential audience of up to 50 million viewers once manufacturers begin producing aerials and receiving equipment at a price low enough to attract a mass market, as has happened in the United States. The Société Européenne des Satellites has ordered a \$50 million satellite from RCA Corp. and has booked space aboard an Ariane rocket as part of the \$200 million project.

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Marguerite Yourcenar Is Dead at 84; Only Woman in Académie Française

The Associated Press
BAR HARBOR, Maine — Marguerite Yourcenar, 84, one of the 20th century's stellar French authors and the only woman admitted to the Académie Française, died Thursday on Mount Desert Island off the coast of Maine.

Miss Yourcenar died of complications from a recent stroke, according to the island's hospital. The writer, a resident of Maine for 40 years, will be cremated in a private ceremony on the island.

Woman of Letters
 By Eric Pace
New York Times Service

Marguerite Yourcenar was a cosmopolitan, versatile woman of letters. She was best known for her fiction, especially her 1951 novel "Mémoires d'Hadrien." Her other writings included essays, autobiography and plays.

Born in Brussels, Miss Yourcenar was of French and Belgian origin but grew up in France. She was the only child of Michel de Crayencour and the former Françoise de Cartier de Marchienne. The name Yourcenar — which she assumed personally and professionally in the 1920s — is a play on the name Crayencour.

Miss Yourcenar was in the United States visiting friends when

World War II began and decided to stay. She began a decade of teaching comparative literature at Sarah Lawrence College. She acquired U.S. citizenship in 1947, but was granted dual U.S.-French citizenship in 1979 before being elected to the Académie Française, which requires French citizenship.

Her election was an honor that had been denied such illustrious Frenchwomen as Madame de Staël, Colette and others since the academy was founded 400 years ago.

In her comments on the election, Miss Yourcenar said she felt surrounded by "an invisible troupe of women who perhaps should have received this honor long before, so that I am tempted to stand aside to let their shadows pass."

But she did not blame the academy for not admitting women sooner, saying it "simply conformed to the custom that willingly placed a woman on a pedestal but did not permit itself to officially offer her a chair."

She also translated American spirituals as well as the work of James Baldwin, the modern Greek poet Constantine Cavafy, Henry James, Thomas Mann, Yukio Mishima and Virginia Woolf.

But her novel about the Roman Emperor Hadrian was Miss Yourcenar's masterpiece. The author

Stephen Koch wrote in The New York Times Book Review in September 1983 that the work "has riches for anyone interested in history, humanism or the psychology of power." When it was first published, he recalled, "it was immediately encircled with the mixed and marmoreal honor of being called a classic in its own time."

The test of her oeuvre, which drew on her familiarity with numerous tongues and literatures, remained less widely known until she was named to the academy.

Her mother died when Marguerite was less than a year old, and she was educated, largely by tutors, under the direction of her father. By the age of 8 she was reading Racine, and as an adolescent had two small books of verse published. She became a classical scholar and later said her writing had "one foot in scholarship, the other in magic arts."

Then, as an independently wealthy young woman, she traveled widely, wrote essays, poems and fiction, and won critical praise as a novelist. After settling in the United States, Miss Yourcenar and her American friend and companion Grace Frick, bought a house of Mount Desert Island. Miss Frick, who translated many works of Miss Yourcenar into English, died in 1979.

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هكنا من النهر

AMERICAN TOPICS



SANTA SLEIGH RIDES IN CHICAGO, CABBIE STYLE — Roger McNair, a taxi driver who for seven years has dressed up as Santa Claus at Christmas and given free rides. The taxicab company donates the equivalent of his meter charges to charity.

Chicago Plans to Cut Loss of Factory Sites

In a move to preserve factory sites from conversion to residential and commercial use, Chicago city officials plan to create "protected manufacturing districts" of existing industrial neighborhoods. The New York Times reports, "The city is planning to designate areas as sites for apartment lofts and fashionable stores and restaurants."

Short Takes

The National Park Service has recommended banning low-level tourist flights from 44 percent of the Grand Canyon in Arizona. In such "flight-free" areas, aircraft would have to stay at least 7,000 feet (about 2,140 meters) above the rim. Flights below the rim of the canyon would not be permitted anywhere.

Richard and Carole Robie have married each other 43 times in 43 states.

Mr. Robie, 60, a businessman from Hempstead, New York, said he and his wife, 49, a certified public accountant, hope to be married in all 50 states by 1990. The streak began 18 years ago in Youngstown, Ohio.

U.S. Nuclear Repository Leaking, and Some Say Facility Will Be Useless

WASHINGTON — The first permanent underground nuclear waste repository, in the United States, which is intended to demonstrate how to store millions of cubic feet of radioactive material that will be dangerous for thousands of years, has developed leaks that some scientists contend will make it useless.

Nevada Site Designated For N-Waste

WASHINGTON — House and Senate conferees have named Yucca Mountain, Nevada, as the site of the first and only U.S. dump for highly radioactive nuclear waste, scrapping a complex selection process established by Congress in 1982 in favor of a quick decision on a politically charged question.

Split Emerging in U.S. Gun Lobby

By Wayne King New York Times Service WASHINGTON — One of the more unusual yuletide events in the capital is the arrival of John M. Snyder's Christmas card.



Christmas card from John M. Snyder, a pro-gun lobbyist.

Mr. Snyder is chief lobbyist for the Citizens Committee for the Right to Keep and Bear Arms, an organization based in Washington. Guns are his passion and his profession, and Mr. Snyder thinks Christmas is a wonderful time to put in a plug for them.

U.S. Congress Bars Politics As Grounds for Visa Denial

WASHINGTON — The Senate has approved and sent legislation to President Ronald Reagan that temporarily prohibits the government from denying visas to foreigners because of their political beliefs.

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WASHINGTON — The Senate has approved and sent legislation to President Ronald Reagan that temporarily prohibits the government from denying visas to foreigners because of their political beliefs.

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Advertisement for Lausanne Palace hotel, featuring the text 'Your HOTEL on the Swiss Riviera' and 'LAUSANNE PALACE 021 20 3711 CH-1002 Lausanne'.

Large advertisement for 'The Symbol for quality in international trade fairs and congresses: Berlin'. It features a stylized graphic of flags and lists various international events and conferences.

Large advertisement for 'WIN \$* MILLIONS! Strike it rich in Canada's Favorite Lottery. You pick your own numbers playing Lotto 6/49'. It includes details about the lottery, prize breakdown, and a form to order today.

Vertical text on the far left edge of the page, including 'BRIEFS', 'Urges New Law', 'U.K. Local Ta', and 'Tankers in the G'.

Herald Tribune

The Kims Elect Roh

On With Democracy

South Korea's opposition fought a long, brave fight for direct elections in order to have the chance to vote an unpopular government out of power.

Attention now properly turns to the president-elect. He remains an enigma, responsible both for the ruling party's recent reforms and for many of its less savory deeds in the preceding seven and a half years.

The Evidence So Far

There is a question mark over the South Korean elections, but on the evidence so far, Roh Tae Woo, the ruling party's candidate, won a healthy plurality.

A Thumb in the Dike

What President Reagan once said in defense of his former deputy chief of staff who wholly missed the point. Michael Deaver, he said, "never put the arm on me, or sought anything or any influence from me since he has been out of government."

verdict has a sobering message: Even those closest to power can be brought to justice. It is hard to believe that Mr. Deaver could have been credibly prosecuted by Mr. Meese's Justice Department.

Other Comment

Something for Bhopal

Union Carbide has admitted moral responsibility for the death of nearly 3,000 people and injury to perhaps 200,000 more, and denied it has any legal responsibility when compensation is discussed.

the existence of shanty towns around the plant for the high death toll. Any sense of natural justice has been lost. Judge Deo has gone some way to restoring it.

About the INF Treaty

The ink has yet to dry on the INF accord signed by President Ronald Reagan and Soviet leader Mikhail Gorbachev, but already the agreement seems to have sparked a political revolt within the Western alliance.

The risk is that any arms control deal will be seen as a success, bringing sweetness and light between the antagonists; the conclusion of which is that, to get more sweetness, all you need is more arms control, even if the underlying disagreements and clashes of interest remain unresolved.

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OPINION

A Nice Start For Japan's New Leader

By Jim Hoagland

PARIS — Afflicted by the pangs of Nakasone withdrawal, the American press has not been paying much attention to the doings and sayings of the new Japanese prime minister, Noboru Takeshita.

"Yasu" Nakasone entranced American officials and pundits by looking and talking like a U.S. president rather than a Japanese politician. But by the end of his tenure in October, he had delivered more bombast and promises than change, and adulation had begun to give way to resentment abroad.

Mr. Takeshita is the opposite, physically and temperamentally. He is as subdued in demeanor and conversation as Mr. Nakasone is flamboyant, frequently causing foreigners and even his compatriots to underestimate him.

The contrast was underscored this past week by his decision to make his symbolically important first visit abroad to Manila, subtly highlighting the growing economic importance of Japan's ties to the countries of Southeast Asia.

For it is now clear to the rest of the world that the final year of Ronald Reagan's presidency will be a period of uncertainty and temporizing on economic matters in Washington.

Already the dollar's decline on the uncharted monetary seas like a wounded whale, with Treasury Secretary James Baker's harpoon dangling from its side. The interest rate increase needed to stabilize the greenback is ruled out by fear of provoking a recession, while the specter of renewed inflation cancels out other economic options for the United States.

The economic cooperation agreement signed at the Louvre in Paris in February has already vanished in the last two months, taking away the final remaining props for the dollar and the last vestiges of a functioning international monetary system.

Mr. Takeshita appeared in Manila on Wednesday that Japan's central bank would no longer intervene to stop the dollar from falling — an invitation to the free fall that Mr. Baker and company have done little to avoid.

Mr. Reagan appears to have abandoned his first-term belief that strong nations possess strong currencies and that power follows money. That belief persists in much of the rest of the world, however, and the dollar's unending troubles are increasingly seen as the symbol not just of temporary financial distress in America but also of Washington's leadership vacuum.

Japan and West Germany will necessarily begin to make their own de facto trade and financial arrangements outside the dollar zone if present trends continue. This will gradually lead to an informal yen zone in Asia and a German mark zone in Europe.

As America once overtook in the annals of the great waves of change rolling over the world economy, Japan has become the world's most successful banker as well as manufacturing exporter. Five of the world's six largest banks in dollar terms are Japanese.

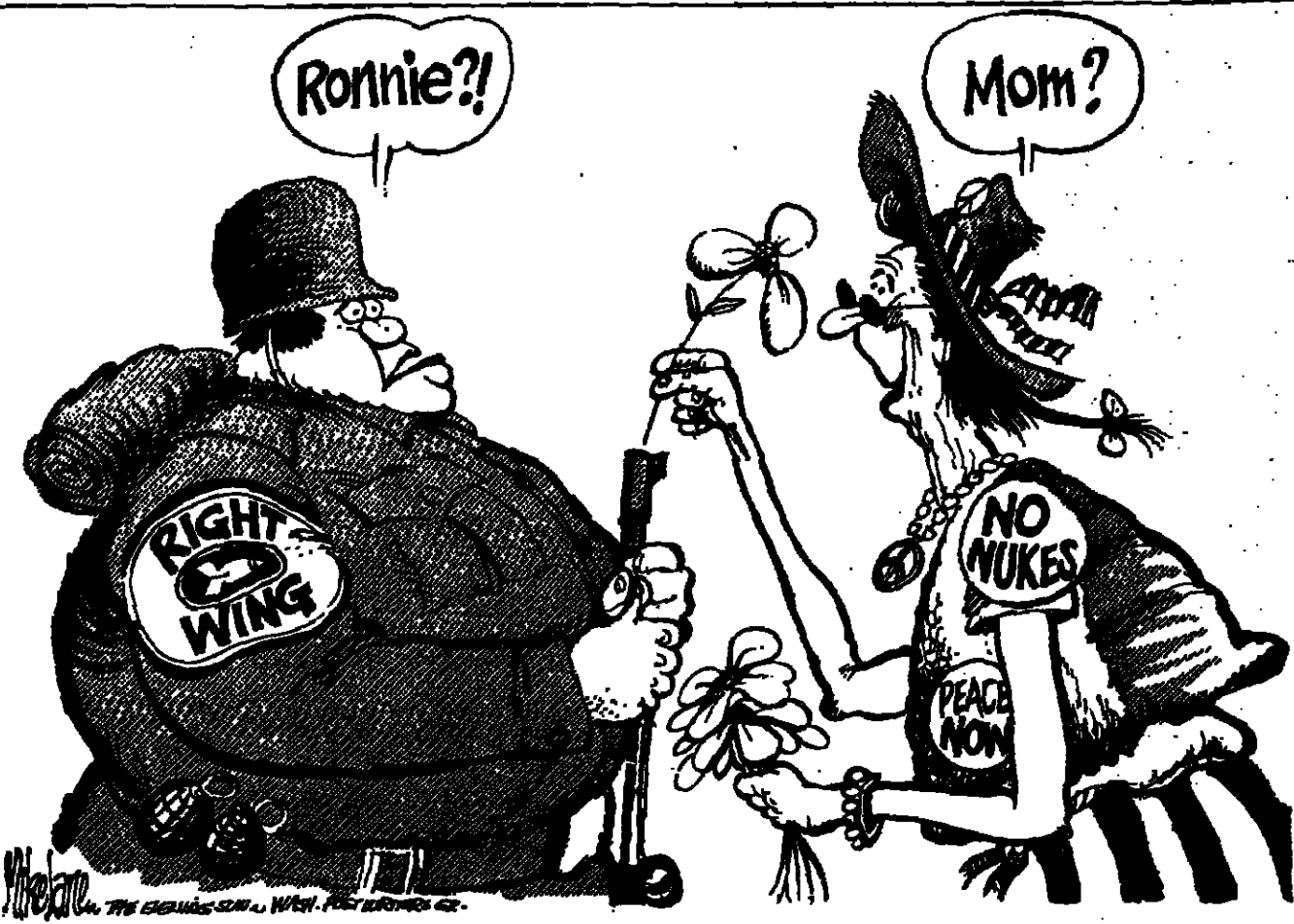
And Japanese banks already own nearly 10 percent of all banking assets in the United States. Each time the yen rises, Japan's banks enlarge their capital base in terms of the rest of the world's currencies.

It is this set of circumstances that imparts significance to Mr. Takeshita's decision to go first to Manila and give pride of place to Southeast Asia — the heart of any future yen zone. He moved a pawn in that direction by unveiling the details of a \$2 billion package of trade and aid for the region, and he sought to dispel the lingering bitterness over Japan's brutal World War II invasion with a gentle policy.

It was a characteristic performance from a leader who moves almost imperceptibly, but steadily, toward well defined goals. It was a good start for the new kid on the leadership block.

1937: Cuban Warning HAVANA — All foreign residents engaged in activities "for the moral and material support of armed conflict in foreign countries" will be deported immediately. This measure was announced by President Laredo following outbreaks among the rival factions of the civil war in Spain.

1912: Peace Talks PARIS — There was an interchange of views yesterday (Dec. 18) in the British capital between the Balkan delegates and certain of the Ambassadors of the European Powers, as a result of which it is anticipated that a peaceful settlement of the Adriatic



What's This Talk About a Nuclear-Free World?

By Phillip Geyelin

WASHINGTON — Ask a stupid question, the old wheeze goes, and you get a stupid answer. So the answer should have come as no surprise when the Washington Post-ABC News Poll recently asked a scientifically selected sample of 1,007 adult Americans: "Ultimately, do you think the United States and the Soviet Union should or should not agree to eliminate all nuclear weapons?"

A large majority of 68 percent said "should." Only 29 percent said "should not." A prudent 3 percent said "no opinion."

Given the awful complexity of the issue, and the banality of the question (when is "ultimately?"), "no opinion" should have won hands down. But never mind; you can't fault the two-to-one majority in favor when not only Ronald Reagan but also Mikhail Gorbachev is holding out the pie-in-the-sky of a world without nuclear weapons.

Still less, when the top men are talking that way, can you blame the pollsters for asking people what they think of it. The problem lies with the loose way the two world heavyweights talk, and why.

Mr. Gorbachev's game is not hard to figure out. Leave aside whether he really thinks that such a state of grace could be verified, that nuclear technology could be dis-invented, that lesser potential nuclear powers could be trusted to comply. The general proposition of "denuclearization" plays nicely to Soviet superiority in conventional forces and chemical weaponry in Europe.

Mr. Reagan's game is not hard to figure out, either. In an earlier talk with television anchorman Mr. Reagan had reconstructed the breakdown at Reykjavik in these words: "We had come to an agreement on literally total nuclear disarmament" when Mr. Gorbachev at the last moment brought up SDI, and "that's when I came home."

He was not then asked why, if "literally total nuclear disarmament" had been agreed to (as was not quite the case), SDI was any longer a problem. But that is why Ronald Reagan has every reason not to talk in the same simplistic way. Why he does so has been puzzling me ever since

he launched his Strategic Defense Initiative in 1983 and offered the prospect of a modest detente that would render offensive nuclear weapons "impotent and obsolete."

Does he believe it? Or does he recognize the pitfalls in the proposition but see no point in letting details get in the way of dreams? It's both. Or so I became increasingly persuaded, in the course of recent encounters with the president in the Oval Office together with three colleagues. It has to do, as well, with the catch-all quality of communication with the Great Communicator: the shouted one-line exchanges over the rear of a helicopter; the scattered-shot questioning at rare press conferences; the infrequency, in short, of opportunities to push the follow-up questions that get you beyond the true beliefs to the complexities.

In our Oval Office exchange, there was an opportunity to follow up, in a way that illustrated the point. In an earlier talk with television anchorman Mr. Reagan had reconstructed the breakdown at Reykjavik in these words: "We had come to an agreement on literally total nuclear disarmament" when Mr. Gorbachev at the last moment brought up SDI, and "that's when I came home."

He was not then asked why, if "literally total nuclear disarmament" had been agreed to (as was not quite the case), SDI was any longer a problem. But that is why Ronald Reagan has every reason not to talk in the same simplistic way. Why he does so has been puzzling me ever since

"making the world safer for conventional war and putting the Europeans at some risk?" It was like pushing the wrong key on a computer. He launched into a long dissertation on the difference between conventional and nuclear war — between the traditional "rules of warfare" and "mutual assured destruction" with "missiles exploding all over" America and the Soviet Union. He spoke movingly of how "uncivilized" it was for each side to hold noncombatant men, women and children hostage to nuclear deterrence.

Fine, but was he still not worried about "the conventional imbalance in Europe if you just did away with all nuclear weapons?" Bingo! This time, the right key was pushed: "That, of course, is most important," he said. Mr. Gorbachev had even indicated to him that he was of the same mind. Before he would agree to eliminate the "hundreds and hundreds" of shorter-range battlefield nuclear weapons in Europe that "equalize" Soviet conventional military superiority, the president said, conventional "parity" would have to be achieved.

A few days later, the president hammered home the same point in a formal address carefully calculated to ease European anxieties. So, at one level, it cannot be said that Ronald Reagan is unaware of the enormously complicated strings attached to his vision of a nuclear-free world. But at another, visceral level, the complexities come across as afterthoughts, if at all. With Ronald Reagan, as with the public, it depends on how the question is put — or which key of the computer is punched.

Washington Post Writers Group.

Chirac Has a Strongman Who Might Not Be of Help

By William Pfaff

PARIS — Charles Pasqua, France's interior minister, is the man William Casey and Oliver North wanted to be. He is a genuine tough guy; they were acting the part. Given the job of dealing with France's hostage and terrorist problems, he has made a trail of wreckage and outrage, but has delivered the goods.

Two French former hostages in Beirut are free. The remaining three are thought likely to be freed before the presidential election takes place in France five months from now. Several people linked to the terrible Paris bombings of September and October 1986 have been jailed. The last important member of a domestic terrorist group, Action Directe, has been caught. Corsican terrorists operating from France into Spain are being rounded up and delivered to the mercies of the Spanish police.

Mr. Pasqua is the strongman of the French government. The prime minister, Jacques Chirac, relies on him to deliver the presidency when that vote comes in the spring. Mr. Pasqua heads the Chirac campaign organization.

There is, of course, a lot of broken glass about. Mr. Pasqua is unmoved. He expresses contempt for journalists

and indifference to what the press and the intellectuals make of him. Voters on the right adore him. He is a little frightened of him. He is the sort of man who makes you think that an accident might happen to you if you crossed him.

The solution of the hostage problem began when the police, ignoring the Foreign Ministry, went after a functionary of the Iranian Embassy in Paris, ostensibly a translator but allegedly head of Iran's clandestine network in France — and, by the way, son of a former physician of Ayatollah Khomeini's.

He fled to his embassy. The police surrounded it, flood-lit it, ostentatiously checked cellars and sewers, interrogated those going in and out. The Foreign Ministry, went after a functionary of the Iranian Embassy in Paris, ostensibly a translator but allegedly head of Iran's clandestine network in France — and, by the way, son of a former physician of Ayatollah Khomeini's.

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two French hostages in Beirut were free. The translator in Paris got in a car and went to the Palais de Justice to be interviewed by a magistrate, who found no reason to hold him. The diplomat in Tehran was heard by a judge and sent home to France.

The American press reported that France was repaying part of a debt owed Iran as the result of a deal made in the time of the shah. Seventeen political refugees, 14 Iranians and three Turks, were summarily hustled onto a French military aircraft and flown to Gabon, in West Africa, whose president expressed astonishment at their arrival. They are now conducting a hunger strike.

The French government said that the possibility exists of normalized relations with Iran and repayment of the rest of the debt. The prime minister added that this money cannot be paid immediately because the matter is very complex, and diplomatic relations cannot be re-established until "there is no more suspicion of [Iranian] collusion with the terrorists" in Lebanon.

The Iranians' terms for "good relations" according to Iran's vice minister of foreign affairs, are that France

Hart Keeps Making the Same Mistake

By A. M. Rosenthal

NEW YORK — There is a common thread connecting many strong people who decide to seek psychiatric counsel. It is the realization that they are acting repeatedly in a way harmful to them, without knowing quite why. So they spend time, often painful time, with somebody who can make them see themselves more clearly, discover what it is that makes them act out the same mistake — and by knowing, change.

Sometimes they are aware of their behavior pattern before they see the psychiatrist. Often, the knowledge that they act repeatedly in the same harmful ways comes slowly as the psychiatrist performs his function of helping the patient know himself.

There is a sadness about the Hart story. An obviously intelligent man, who has attracted other intelligent people to his cause, has not been strong enough to see himself plain and does not even seem to try very hard. So he keeps making the same mistake. It is a refusal to see himself as responsible for himself and to say so at times of crisis or opportunity in his life. For that reason, his statement announcing his intention to resume his candidacy for the presidency shows that he is still not qualified to be president. Can a nation really follow an individual so lacking in inner courage as to ignore or gloss over reality?

I am not thinking about his sexual conduct, or even the strange judgment that made him walk the high wire and challenge the world to knock him off, which of course it did. Even more important, it seems to me,

once again he has his chance, on those steps in New Hampshire, with the country watching. He talks about how much he can do for the country with his ideas, about what a tough decision it was; now let the people decide.

Nothing wrong with that — but something terribly wrong with what he did not say. Not a word about what happened to the first Hart campaign and how he, Gary Hart, destroyed it and the hopes of all who followed him and built their lives around him. How he embarrassed family, party and nation.

It was not an apology that was needed, but the strength to give himself and the country the dignity of facing the truth to which the nation was entitled. To say, "I acted like a damned fool, did great damage, but I have learned from my self-imposed disaster by facing it and am ready to move on in the hope that this country will not hold my error against me forever."

To do so would not have been an act of humiliation but a demonstration of insight and courage. Instead we got a routine political speech, utterly devoid of any self-examination. In America it is still seen as weakness instead of strength to seek counseling. Here we have a man who does not grasp that he cannot be trusted to be president unless he shows that he understands himself. I hope he is getting or will seek guidance to self-knowledge. That is said with no unkind intent; the contrary. The New York Times.

French amour propre is at stake, the self-regard of people who take "realism" for granted but also like to think that France is a land of political asylum. People are prepared to tolerate, and even to admire, a certain level of cynicism in national policy, provided that it works. If it fails, and France is made to seem treacherous and credulous rather than Machiavellian and successful, Mr. Chirac will pay.

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100, 75 AND 50 YEARS AGO

1887: Don't Come Here PARIS — A Corfu correspondent writes: "You fancy you ought to take the cake in England for bad climate. Bide a wee, and try Corfu first. It has rained here for two months, and promises to continue. There is an everlasting scirocco, and mosquitoes like the sands of the sea. There is neither leather nor fur in Albania to shoot; yacht hire double what it is at home. Bathers ask for pay which a British subaltern never dreamed of getting, and their dogs are keen to pursue everything but game. Anyone who comes here for a winter climate is a dreamer of dreams."

1937: Cuban Warning HAVANA — All foreign residents engaged in activities "for the moral and material support of armed conflict in foreign countries" will be deported immediately. This measure was announced by President Laredo following outbreaks among the rival factions of the civil war in Spain.

1912: Peace Talks PARIS — There was an interchange of views yesterday (Dec. 18) in the British capital between the Balkan delegates and certain of the Ambassadors of the European Powers, as a result of which it is anticipated that a peaceful settlement of the Adriatic

and Albanian issues will be reached. The peace conference meets today and it is expected, if the Turks agree to treat with the Greeks, that a treaty will be speedily agreed upon.

1937: Cuban Warning HAVANA — All foreign residents engaged in activities "for the moral and material support of armed conflict in foreign countries" will be deported immediately. This measure was announced by President Laredo following outbreaks among the rival factions of the civil war in Spain.

These outbreaks were brought to a climax when seven men raided the Spanish Republican Circle and forced 50 members to leave at the point of guns, after which they destroyed furniture and documents. Another armed attack was made almost simultaneously on the Spanish Socialist Circle, where furniture and other fixtures were destroyed. When members of the Phalangist Circle heard of these attacks, they closed down.

JPL/col/SD

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Kenya Cites War Threat, Ousts Envoy Of Uganda

By Blaine Harden
Washington Post Service
NAIROBI — Punctuating a week in which Kenya and Uganda have exchanged bullets, insults and allegations, President Daniel arap Moi of Kenya said Friday that Uganda was "preparing for war."

Kenya ordered Uganda's ambassador to leave the country within 24 hours. Mr. Moi's statement and the expulsion of Charles Katungi, the Ugandan ambassador, who was accused by Kenya of uttering an "insulting insult on the person" of Mr. Moi, marked a historic low in relations between two East African nations that have a long common border and close economic ties.

Late Friday, Kenya recalled its ambassador and his deputy from Uganda. Mr. Moi said Ugandan soldiers were digging trenches along the border and "preparing for war."

"We have not done it," he said in a speech at a Kenyan university, "so let the world know when we act, they should not blame us."

The dispute has been fueled by Kenyan fears that the Libyan leader, Colonel Moammar Gadhafi, is using Uganda as a base for attempts to destabilize Mr. Moi's government.

In announcing the expulsion of Mr. Katungi, the Kenyan foreign minister, Zachary Onyonka, also said Friday that the Libyan Embassy had been ordered closed.

The embassy "has been used consistently for gross interference in the internal affairs of Kenya," Onyonka said.

Kenya repeatedly has charged that Libya has been operating spy rings in Kenya. The Kenya Times, the governing party's newspaper, said Friday two helicopters carrying Libyan troops had landed this week in Entebbe, Uganda.

Mr. Katungi called the report "ridiculous." He dismissed Kenyan claims that Uganda provides a base for Kenyan dissidents seeking to overthrow Mr. Moi's government.

President Yoweri Museveni of Uganda has asked the Organization of African Unity to mediate the dispute. On Friday, the organization's secretary-general, Ide Oumarou, sent messages to Mr. Moi and Mr. Museveni, appealing for a peaceful settlement.

Border clashes began Monday near the town of Busia. Since then, shooting between Kenyan police and Ugandan soldiers has resulted in a number of deaths and injuries.

Most of Uganda's imports and exports "pass" by road and rail through Kenya to the port city of Mombasa on the Indian Ocean. A prolonged closing of the border would harm Uganda's economy.

U.S. Restricts Stingers in Bahrain Deal

By David B. Ottaway
Washington Post Service
WASHINGTON — The Reagan administration has won its biggest battle over one of its smallest arms sales of the year — as many as 70 Stinger anti-aircraft missiles and 14 launchers valued at \$7 million for the Gulf sheikhdom of Bahrain.

The victory came after an exhaustive lobbying effort on Capitol Hill and sticky negotiations with Senator Dennis DeConcini, Democrat of Arizona, who led the opposition to the sale and exacted his price.

In the end, Defense Secretary Frank C. Carlucci and the national security adviser, Colin L. Powell Jr., agreed with Mr. DeConcini a week ago allowing Stingers to go to Bahrain under some of the most stringent restrictions and conditions imposed on a U.S. arms sale.

Though the agreement was made late Dec. 11, a Thursday by one made to reverse it Thursday by one of the House conferees negotiating the foreign operations section of the omnibus spending bill with his Senate counterparts. The bid was defeated on a 6-3 vote among the House conferees, according to Mr. DeConcini's office.

In return for his cooperation with the White House, Mr. DeConcini has insisted that no other Stingers be sold to any Gulf nation and that the administration drop its plan to sell more of the shoulder-fired anti-aircraft missiles to the sultanate of Oman.

Bahrain had to agree to the same U.S.-dictated safeguards over the weapons as those imposed on Saudi Arabia, which has 400 Stingers. The safeguards include separate storage depots for the missiles and the launchers and spot-checks by U.S. officials to assure that all are accounted for.

Bahrain also must pledge to sell its Stingers back to the U.S. States as soon as another U.S. air defense system can be found, but, in any case, no later than 18 months from the date of enactment of the legislation.

A State Department spokesman, reflecting the administration's disgruntled resignation to the terms of the agreement, said: "There is no possibility of anything better. It is the best we can hope for and at least it will permit us to sell them to Bahrain."

He said Bahrain had agreed to the conditions and that the administration will forward the Stingers "as soon as possible."



Senators Max Baucus, left, Democrat of Montana, and Malcolm Wallop, Republican of Wyoming, co-chairmen of the Senate Beef Caucus, watch Ambassador Taizo Watanabe take a forkful at the Congressional Beef Caucus luncheon in Washington.

U.S. Beef? Japan Can't Stomach It

Compiled by Our Staff From Dispatches
WASHINGTON — A key farm official from Japan's governing Liberal Democratic Party, pleading for more time to ease his country's barriers to agricultural imports, has asserted that because of health and religious reasons Japan may not be able to increase its purchases of American beef.

"To the intestinal system, it will mean a very big change" to eat more beef, Tsutomu Hata, a former agriculture minister, said at a luncheon Thursday.

He said the Japanese had a "much, much larger" digestive system than Americans, which, he said, made it harder for them to eat beef.

"I've never heard that argument before," Clayton K. Yeutter, the U.S. trade representative, said laughingly. "I've heard all the rest of them."

Mr. Hata, chairman of his party's Agricultural Committee, also cited Buddhist restrictions on meat as well as the traditional Japanese diet, which emphasizes fish.

Congress Acting to Ban Japanese From U.S. Construction Projects

By Clyde H. Farnsworth
New York Times Service
WASHINGTON — Reflecting yearlong trade disputes and tensions over the trade deficit with Japan, House and Senate conferees have agreed to ban Japanese companies from participation in public works construction projects in the United States.

Also Friday, the Senate Foreign Relations Committee dealt a blow to a newly negotiated agreement that would have allowed Japan to fly shipments of plutonium from Europe to Japan over the northern United States for the next 30 years.

While that decision reflected environmental and safety concerns, Congress moved on other fronts to make clear its unhappiness with Japan over the bilateral trade disputes that have flared as a result of a projected \$60 billion trade deficit with Japan this year.

"None of it is pure Japan-bashing, and some of it is more substantive," said Philip H. Trezise, an analyst at the Brookings Institution. "The bilateral trade deficit is a cause of great concern."

The decision to exclude the Japanese from public works construction, including airports, veterans' hospitals and other projects, came as the conferees neared approval of a \$600 billion appropriations bill needed to put into effect this year's budget agreement.

The proposal does not mention Japan by name. Instead, it requires the denial of contracts for designing, engineering and construction services to companies that close their markets to American companies.

Japan, which has blocked major American participation in the construction of an airport, is the main country that would be affected.

Congress has taken other steps to punish the Japanese and is considering some others. The House and Senate conferees meeting on the spending bill have banned Toshiba Corp. from selling its electronics products to the Pentagon or at military post exchanges.

In Market Crash, Prince Charles Lost \$7 Million

Reuters
LONDON — Prince Charles lost as much as \$7 million (\$12.8 million) in the October stock market crash, financial experts estimated Friday.

The heir to the British throne, whose personal fortune is estimated at \$120 million, hinted at his loss during a speech to the London Stock Exchange on Thursday.

Referring to the market slump, Prince Charles said: "Not everyone has managed to keep their shirts since the events of Monday, Oct. 19."

Financial experts said investments by the prince's Duchy of Cornwall, which were valued at nearly \$15 million at the beginning of the year, would have risen to about \$22 million when the market was high.

After the crash, the holdings would have lost an average 30 percent, wiping out the year's gains.

Defector's Evidence Is 'Speculative' On Managua Invasion Plan, U.S. Says

By Richard Halloran
New York Times Service
WASHINGTON — A senior Defense Department official has acknowledged that evidence provided by a Sandinist defector of a Nicaraguan plan to invade other nations was "speculative."

The official, in a briefing Thursday at the Pentagon, also said the United States had no documentary evidence that the Soviet Union had promised to furnish MiG-21 jet fighters to the Sandinist government as asserted by the defector, Major Roger Miranda Bengochea.

A document in English, which Pentagon officials said was a summary of documents in Spanish brought by the defector, contained no evidence of plans to invade other nations. The only mention of MiG-21s was in a passage on arms Nicaragua would like to have.

The statements by the Pentagon official, who declined to be identified, seemed to contradict the Reagan administration's contention that Major Miranda had provided solid evidence of Sandinist plans.

After the defector was made available to reporters last week in the office of Elliott Abrams, the assistant secretary of state for inter-American affairs, Mr. Abrams said: "The military plan is a plan for the creation of a new Cuba."

The briefing Thursday was clearly part of a Reagan administration effort to use Major Miranda's defection and statements to persuade Congress to approve more aid to the Nicaraguan rebels, known as contras.

The Pentagon briefing was intended to buttress the administration's contention that Major Miranda was a credible source of information. But under close questioning, the official acknowledged that many of the defector's statements were speculative.

The officials have said Major Miranda, who was a close aide to the Nicaraguan defense minister, Humberto Ortega Saavedra, arrived in Washington more than a month ago and has been under interrogation since. The official who briefed the press said he had spoken at length with the major.

The Nicaraguan defector was made available to speak to several reporters during the visit to Washington of the Soviet leader, Mikhail S. Gorbachev. The three-day visit ended Dec. 10.

The official opened the briefing by repeating statements of other administration officials that the United States considers Major Miranda to be a credible source of information.

Mr. Reagan needs some of the provisions attached to the legislation. In voting 15-3 against the plutonium-shipping agreement, Senate Foreign Relations Committee members told the president by letter that the pact was "not consistent" with American nuclear non-proliferation laws and formally asked him to withdraw it.

A Japanese Embassy spokesman, Koichi Haraguchi, said his government believed the agreement satisfied all requirements of American law.

"We hope the Senate and House will give their blessing to this agreement," he said.

Mr. Haraguchi termed the trade actions being taken by Congress an "indirect reflection of the widening and deepening Japanese-American relationship."

"It is inevitable that we will have a number of problems in various fields," he said. "We must treat them in a spirit of cooperation and good faith. We will be losers if we treat the issues emotionally."

U.S. May Cut Space Arm

New York Times Service
WASHINGTON — To help cut the Pentagon budget, the air force has proposed ending work on a weapons system to destroy Soviet satellites in space, according to Pentagon officials.

The officials said the air force saw no sense in continuing the program because for three years Congress has forbidden the air force to test the system in space. While Frank C. Carlucci, the defense secretary, has not made a final decision, the officials suggested that the anti-satellite weapon program was dead.

Mr. Carlucci, acting under an agreement reached by the White House and Congress to reduce the federal deficit, has ordered the armed services to cut about \$33 billion from their 1989 budgets so that the Defense Department can meet its obligations.

Killing research and development of the weapon would save about \$500 million in fiscal 1989. The air force has been instructed to come up with \$8.6 billion in budget cuts.

The anti-satellite system envisions mounting a guided missile on an F-15 fighter. The fighter would climb to a high altitude and launch it into an orbit where it would collide with the satellite or explode near it. Congressional Democrats opposed the program, asserting that it upset the military balance between the United States and the Soviet Union.

The proposal seems likely to please the Soviet Union, which has proposed a moratorium on such developments. Moscow has also been seeking to develop an anti-satellite system of its own, but it is believed to lag behind the United States technically.

For the United States to cancel its anti-satellite system may slow development of President Ronald Reagan's plan to deploy a defense against incoming nuclear missiles.

U.S. Panel Agrees Not To Penalize Pakistan

By Don Oberdorfer
Washington Post Service
WASHINGTON — A Senate House conference committee has agreed not to penalize Pakistan for illegally seeking to import U.S. nuclear materials.

The agreement was reached just hours before a federal jury in Philadelphia convicted a Canadian of Pakistani origin of that offense.

The congressional action Thursday on the catchall continuing appropriations bill grants Pakistan a two-and-a-half-year waiver from U.S. nonproliferation laws.

It also provides \$260 million in foreign military sales assistance and \$220 million in economic aid for the fiscal year that ends Sept. 30, 1988.

There had been moves in Congress to cut off or severely restrict Pakistani aid because of repeated reports that the country is developing a nuclear weapons program and after the arrest in mid-July of Arshad Z. Perviz, the Canadian citizen.

He was charged with seeking to illegally provide Pakistan with sensitive U.S. materials used in making atomic weapons.

The drive in Congress for sanctions against Pakistan was countered and eventually overwhelmed by congressional determination to support Pakistan because of its role in assisting the anti-Soviet rebels in Afghanistan and because of its vulnerability to Soviet pressure.

Representative Stephen J. Solarz, Democrat of New York, a key figure on the Pakistan issue in the House, said earlier that it was a classic congressional struggle between competing objectives.

He said it was a matter of "whether we attach more importance to our nuclear nonproliferation objectives or to support of our Afghanistan policies."

Mr. Solarz said the issue may not have been resolved by the conference committee's vote Thursday, in view of Mr. Perviz's conviction later in the day.

A 1985 measure, bearing Mr. Solarz's name, mandates a cutoff of U.S. aid if a nonnuclear weapons country, such as Pakistan, attempts to illegally export nuclear weapons material from the United States.

"The president has an affirmative responsibility to carry out the law, and the law requires a termination of aid," said Mr. Solarz.

Witness Says Noriega Sent Arms to Salvador

By Stephen Engelberg
New York Times Service
WASHINGTON — A former employee of General Manuel Antonio Noriega, Panama's military leader, has told congressional investigators that the general authorized arms shipments to the Salvadoran rebels in the early 1980s when the Reagan administration was trying to keep Nicaragua and other nations from arming them.

U.S. officials said Floyd Carlton, the general's former personal pilot, who is a chief witness in a Miami-based federal grand jury investigation of the general, had told investigators that he took part in air drops of arms.

U.S. intelligence officials said they had no independent confirmation of the charges. Nor was it possible to estimate the amount of arms shipped.

Several administration officials said the pilot's assertions were plausible in light of charges made by a prominent Nicaraguan military defector that General Noriega had offered to sell arms to the leftist rebels in El Salvador.

Mr. Carlton's account of General Noriega's actions, if it can be verified, could raise further questions about the close ties between the United States and Panama, which have recently been strained.

Mr. Carlton's statements suggest that the Central Intelligence Agency had at least some reason to suspect that General Noriega was a source of arms going to the Salvadoran guerrillas. The agency

worked closely with the general in this period and had extensive eavesdropping abilities in Panama. Senator John F. Kerry, Democrat of Massachusetts, a member of the Senate Foreign Relations Committee, said Mr. Carlton's disclosures had prompted the Senate panel to begin investigating whether the administration had misled Congress in trying to secure aid for the Nicaraguan rebels, known as contras, and whether it had adopted a double standard in dealing with Panama.

"If you recall," Mr. Kerry said, "the early rationale for the contras was arms interdiction, and if we knew at the time of the weapons flow via General Noriega, it raises serious questions about the bona fides of that rationale."

Mr. Carlton has said he took part in drug trafficking on behalf of General Noriega. The general has denied drug trafficking.

From 1981 to 1984, the administration sent intelligence officials to search for solid evidence that Noriega was supplying the rebels. Although no firm evidence was ever unveiled, intelligence officials said the circumstantial case for Nicaraguan involvement was overwhelming.

That appears to have been confirmed by Major Roger Miranda Bengochea, a former high-ranking Nicaraguan military man who defected to the United States in October. Major Miranda said the Sandinists were shipping the weapons to El Salvador by sea.

1887 and all that...
The Trib's Centennial Quiz

Here are the winners:

- Mr. Jacques Menard (Paris, France)
- Mr. Alain Delanter (Paris, France)
- Mrs. Mary Bone (Sawbridge, Wiltshire, England)
- Mr. and Mrs. Robert (Paris, France)
- Mr. Antoine Visiere (Paris, France)
- Mr. Julian Moseley (Paris, France)
- Ms. Yvonne Shipp (Paris, France)
- Ms. Susannah Boyde (London, England)
- Mr. Guillaume Lemoine (Nantes, France)
- Mr. Gilles Lamoy (Paris, France)

The 25 questions included several with multiple answers, which made a total of 34 answers to complete the Centennial Quiz. The ten winners listed above got all 34 answers correct.

The total number of prize-winners, and their prizes:

Score	Number of winners	Prize
Perfect score: 34	10	One-year subscription (or extension of current subscription) to IHT and a Centennial Medallion.
30-33	183	A copy of "A Century of News from the Archives of the IHT" by Bruce Singer, introduction by Art Buchwald.
25-29	314	A copy of "The International Herald Tribune: the first 100 years" by Charles Robertson.
15-24	243	A 1988 IHT Desk Diary

The prizes are going out this week. Our special thanks go to those contestants who, by the diligence of their research, discovered that Question 6 was wrong; St Thomas More was not canonized in 1887, as the question suggested, but was merely beatified. He was canonized in 1935. Consequently, we gave everyone a "free" answer by counting No. 6 correct for all contestants.

CHESS: Kasparov Leads in Game

(Continued from Page 1)
match rules state that Mr. Kasparov will remain champion.

The last minutes of play were some of the most exciting ever seen in world championship chess.

In a position where Mr. Kasparov retained only a slight edge, Mr. Karpov allowed his own time to run down, and observers said his nerves may have begun to crack slightly.

At move 33 when Mr. Kasparov seized a strong initiative, the crowd in the lecture hall began to cheer. At move 35 they cheered again.

Observers were astonished when Mr. Karpov allowed himself to reach such overwhelming time pressure.

"It was as if his hands were nailed to the table," said a Danish international master, Bjarke Kristensen.

GAME 24 RETI OPENING

White Karpov	Black Kasparov	White Kasparov	Black Karpov	White Kasparov	Black Karpov
1. e4	e5	15. d4	c5	29. e4	Nd6
2. Nf3	Nf6	16. Rd1	Re8	30. Qb1	Qe7
3. g3	d5	17. Nf4	Bc5	31. Nc5	Nc8
4. Bg2	Bf7	18. Bxf3	Qe7	32. Rxc6+	Rxc8
5. Bg2	0-0	19. Racl	Rf8	33. Qd1	Ne7
6. O-O	b6	20. d4	Nc6	34. Qd4+	Kxh7
7. Bb2	Bb7	21. b4	ab	35. Nxg7	Ng5
8. Nbd2	Nb7	22. Qc3	Qc7	36. Qe8	Qe7
9. Ne3	Nc4	23. a3	Qf7	37. Qxg4	Qe7
10. Ne2	a5	24. Rb1	Rxd1+	38. Be4	Kg8
11. d3	Rf6	25. Rd1	Qc7	39. Qf5	Nf8
12. Qc2	Bxb2	26. Nd3	b6	40. Qxb6	Qf6
13. Qxb2	Nd6	27. Re1	Ne7	41. Qc5	Qe7
14. c4	Bxd5	28. Qb5	Nf3		Adjourned.

Glasnost Meets the Soviet Press, Sort Of

By Celestine Bohlen
Washington Post Service

MOSCOW — The press briefing for Soviet journalists at the state planning agency was well under way when an exasperated reporter from Literaturnaya Gazeta addressed the spokesman.

"Tell me, just what kind of event are we attending here?" asked Alexander Levikov. "A press conference is to give information to the press, yet the whole time you keep warning us — this is 'not for publication.'"

According to the story as retold by Mr. Levikov in this week's edition of his newspaper, the deputy chairman of Gosplan, the state planning agency, apologized, saying he had still not been given permission to use such mundane facts as the drop in world oil prices and a resulting decrease in Soviet imports.

Mr. Levikov's article pointed out the latest, sometimes contradictory stage in the continuing debate over glasnost, as Mikhail S. Gorbachev's policy of openness is called in Russian. For a press to be open, it needs access to information, which is proving to be a difficult task in a society that in the past has considered the most obvious facts to be top secret.

While top party leaders give speeches urging the press to keep up disclosures of official misfeasance, newspaper editors report greater resistance to the press on the part of local authorities.

Mr. Levikov cited examples: a deputy minister of light industry who called a shoe factory built by Italians a "secret" and trade experts who refused to divulge statistics on coffee deliveries, saying that they, too, were classified.

This hostility to the state-controlled press continues despite the growing trend to regular briefings which until recently were unheard of.

Now, for instance, the Ministry of Internal Affairs has opened its weekly briefings to foreign reporters, giving out once hidden statistics from the capital city's police blotter (three murders, six deaths by fire and 12 in car accidents were reported in Moscow last week).

When to print and what to print are issues that are far from decided, although journalists and government officials have accumulated considerable experience over the past year. In January, Mr. Gorbachev declared glasnost a cornerstone of his new reforms. As he and other members of the leadership say repeatedly, without open debate, managers will become isolated and corrupt, workers will lose interest and the stagnation that crippled the Soviet economy will set in again.

Lately, the repetitions have bordered on harassment as leaders exhort the press to step up its openness campaign, to draw "a second wind," as Mr. Gorbachev said in a speech at the Communist Party Central Committee on Nov. 20.

But there are hints that not everyone understands openness to be the same thing. Although progressive-minded editors see it as independence from control, Mikhail S. Solomentsev, a Politburo member, recently said glasnost should be developed into a "well-oiled, efficient mechanism."

As the Soviet economy gears up for major changes that are to go in place Jan. 1, more attention has focused on the press. In a meeting with media executives on Dec. 1, Alexander N. Yakovlev, a Politburo member and the propaganda chief, warned journalists against abusing their avant-garde position in the battle for reforms through "carelessness and slipshod preparation of material."

But Mr. Yakovlev urged journalists to become society's teachers — to inform, to inspire

and most significantly, to criticize even when the criticism hurts.

The attack on those who have tried to squelch the press has been carried by other leading editors, including Viktor G. Afanasiev, editor of the Communist Party newspaper Pravda.

"Perhaps the most widespread form of struggle against glasnost is the suppression of criticism," wrote Mr. Afanasiev in Pravda on Dec. 14. He said cases had occurred where those criticized reacted by digging into journalists' backgrounds, "looking for dark spots," sometimes even inventing crimes. In some cases, journalists have been jailed, and their cases only overturned "on the very highest party levels," he said.

According to one source, Mr. Yakovlev criticized Pravda, the country's leading paper, for failing to keep pace with reforms at the Dec. 1 media meeting. Mr. Yakovlev is seen as being in ideological opposition to Yegor K. Ligachev, No. 2 in the Kremlin who in meetings with media executives this fall reportedly criticized the editors of Moscow News and Ogonyok, two publications seen as being in the vanguard of glasnost.

In an interview in Paris, Mr. Ligachev defended his criticism of the progressive editors, noting if journalists now can criticize party leaders, then leaders should be allowed to criticize journalists.

Readers of Soviet publications are recording their own votes: Circulation for Ogonyok, once a staid picture weekly, has jumped 225 percent to 1.3 million copies over the past year when it became a lively flagship of glasnost. Subscriptions for two monthly magazines, Novy Mir and Znamya, which have also printed provocative articles, have doubled, according to their editors.

A Manufactured Protein May Block AIDS Virus

Procedure Works in Dish in Lab, But Scientists Await Human Trials

By Gina Kolata
New York Times Service

NEW YORK — Scientists have developed a novel technique that, in theory at least, would use a cellular protein to block the AIDS virus from reaching the body cells that are its target.

The technique is about to be tested in animals and, if it continues to show promise, it could be tried in humans within a year.

While scientists said they were excited by the development, they warned that even if tests are promising it would probably take years to develop a treatment for wide use by AIDS patients.

In addition, they cautioned that the protein had only been tested in the laboratory. They said that treatment of humans with it might turn out to have unacceptable side effects or that it might fail to provide protection when injected into the body.

The key to the new approach was the synthesis of a cellular protein that, in laboratory dishes, sops up the virus that causes acquired immune deficiency syndrome like a sponge. The synthesis was accomplished with techniques of genetic manipulation.

In the body the protein, CD4, normally plays a crucial role in the spread of the AIDS virus from one cell of the immune system to another. The virus latches onto the protein on cell membranes as the first step in invading the cells.

Scientists have discovered that in laboratory dishes, isolated bits of the protein attract the AIDS virus to themselves, preventing it from entering nearby cells.

They hope that when CD4 is administered to people infected with the AIDS virus, the protein might serve as a decoy, absorbing the virus and halting its spread to new cells. It also might be possible to attach virus-killing drugs to the protein in order to deliver the drugs directly to the AIDS virus, scientists speculate.

"This is a very exciting way to go," said Dr. Samuel Broder, a scientist at the National Cancer Institute who is a leader in the development of treatments against the fatal disease, which cripples the immune system. "There is a great deal of enthusiasm for it."

"I'm very enthusiastic about the concept," said Dr. Anthony S. Fauci, the director of the National Institute of Allergy and Infectious Diseases in Bethesda, Maryland. If animal tests of safety and effectiveness are successful, he said, the federal agency would lend its full support to human trials.

The CD4 protein "binds incredibly strongly" to the AIDS virus in the laboratory, said Dr. Jerome Groopman, of New England Deaconess Hospital in Boston, who is testing the protein in association with Genentech, a biotechnology company in San Francisco.

Scientists from Genentech Inc. and Dr. Groopman's team reported in Thursday's issue of the journal Science that they had produced CD4 by inserting the human gene that directs its manufacture into animal cells, which then make the protein.

Dr. Daniel Capon of Genentech



ART AGAINST AIDS — An AIDS poster, the centerpiece of an educational campaign against the disease in Massachusetts, makes use of a 1951 painting, "Facts of Life," by the American artist Norman Rockwell.

said that in the laboratory, the CD4 protein had prevented more than 90 percent of cells from being infected with the AIDS virus. "The inhibition is impressive, there's no question about that," Dr. Capon said.

In the body, scientists believe, the protein would not eliminate the AIDS virus altogether, but they hope it might slow or halt progres-

sion of the disease by preventing the virus from invading new cells.

Genentech is one of at least four companies or groups that have raced to synthesize CD4. Similar reports by three others are about to be published elsewhere. One of these groups, Biogen, of Cambridge, Massachusetts, announced some of its results at a meeting in September.

MAFIA: Despite Trial, Group Remains a Way of Life

(Continued from Page 1)

body. He was found guilty of taking part in 38 decisions to order homicides but was found innocent in 40 similar killings.

"The internal logic of this verdict is impossible to decipher," the lawyer said.

The phone rang in his office. It was the wife of a defendant, and he took several minutes to explain that the man had been found not guilty of narcotics trafficking but guilty of belonging to the criminal conspiracy known as the Cosa Nostra.

"The verdict seems to reject the idea of collective guilt," the lawyer said, "because people are found guilty of some crimes but not others, yet in many cases it accepts this

broad accusation of membership in the Mafia."

During the trial, Mr. Galina Montana argued for a "horizontal" view of the Mafia as many small clans that reflected an old mentality, each in their own territory, and who did sometimes commit crimes. He thus combated the prosecution's view of a "vertically" organized Cosa Nostra.

"The verdict did not deny the existence of the Mafia, but it did not absolutely affirm the existence of the Cosa Nostra either," he said.

The Reverend Bartolomeo Sorge told some of the young men and women training to enter public life at the political studies center he

directs to avoid making too much of the verdict.

Gathered in a small garden during a break between lectures they expressed amazement that so many big names previously thought beyond the law had been found guilty.

"Yes, there is cause to be satisfied," said Father Sorge, "but only one form of the Mafia was under attack. The organization's political connections were not exposed, and the Mafia culture still exists many places."

Father Sorge concluded, "The trial's greatest value is as a symbol of a Sicily that is changing but still has a long way to go."

GAZA: 3 Palestinians Die

(Continued from Page 1)

day, saying: "No problem can be solved by running away from it. If the army is not in Gaza, it will be ruled" by the Palestine Liberation Organization.

Hostages Threatened

Kidnappers of four foreign professors in Lebanon threatened Friday to take reprisals against their hostages if Israel continued to crack down on Palestinians in the West Bank and Gaza Strip, Reuters reported from Beirut.

Islamic Jihad made the threat in a statement sent to the independent An-Nahar newspaper.

MERRY: Not Grandmother's Again

(Continued from Page 1)

the problems beforehand and establish some sort of agreement about the issues most likely to provoke hostility. "This visit we will not discuss what I wear, how I raise children, how much people weigh, hair styles or my husband's job."

If your family is beyond changing, then it may be up to you to change. Start by picking your battles. Not every comment, criticism or instruction from a parent or sibling is worth fighting about. Save your fights for the bigger issues.

Humor, but not sarcasm, can take the edge off a potential conflict. When the mother of a 38-year-old lawyer repeatedly cautioned her daughter about stopping for red lights, the daughter responded: "But Mom, that's so conventional. I want to be different. I want to go on red and stop on green."

One strategy is to avoid depending on parents. This reduces the chances of regression into old parent-child roles and relieves demands on parents who have come to enjoy their independence.

Richard Mikese, a psychologist in Washington, believes structuring

the holiday visit can head off many conflicts. Instead of expecting parents to house, drive, feed and entertain you, he suggests staying in a nearby hotel or motel, staying in a car, participating in meal preparations or taking the family out to eat once or twice.

To reduce the chances of sibling conflicts, he suggests getting together with brothers or sisters outside the parental home, which often sparks old rivalries.

To overcome resentments about spending precious vacation time on family reunions that people regard as command appearances, try keeping the family visit short and scheduling a real vacation before or right after it.

Labor Secretary Sworn In

United Press International

WASHINGTON — Ann Dore McLoughlin, a public relations specialist for two Republican administrations, was sworn in Thursday as the first woman secretary of labor in a half-century and the only woman in President Ronald Reagan's cabinet.

CZECH: Leader Cautious

(Continued from Page 1)

with a red banner headline over a half-page photo of Mr. Jakes, people in Prague seemed more interested in shopping or in the festive Christmas displays set up in squares in the old town.

Several residents said they knew little about Mr. Jakes but assumed he would continue Mr. Husak's policies.

Officials portrayed the transition from Mr. Husak to Mr. Jakes as one of the smoothest in the history of East bloc Communism, planned for months, agreed on unanimously by the leadership and designed by Mr. Husak to ensure perpetuation of his policies.

At a news conference after the party meeting, a Central Committee foreign relations official, Michal Stefanak, said Mr. Husak, 74, first suggested to the 11-member presidium at the beginning of this year that at the end of 1987 he might give up his post as party chief while retaining state president, largely a ceremonial position.

Mr. Stefanak said that Mr. Husak did not feel he was physically capable of keeping both positions as he approached his 75th birthday

next month and that he believed one person should devote all his energy to directing the complicated restructuring program as party chief.

Despite Mr. Jakes' pledge to pursue economic restructuring, the two-day Central Committee session did not take a decisive stand on a "complex document" outlining economic change or on draft laws on the management of state enterprises, agriculture and cooperatives, officials indicated.

The committee had been expected to approve the measures, drawn up over the course of the last year and submitted to a public debate during the summer and autumn.

Mr. Stefanak said the committee had returned the documents to the government for "further work" before the session of the Federal Assembly, or parliament, next spring.

The action suggested the party had been unable to reach full agreement on the measures, which include a partial decentralization of state economic management, price restructuring and other steps designed to make the economy respond to market forces.

Do you Know Blérancourt, The Museum of French-American Friendship?



The Château de Blérancourt, a seventeenth century masterpiece by Salomon de Brosse is located 125 km (80 miles) north of Paris near the historic town of Compiègne (see map). The main body of the Château was destroyed during the French Revolution but four exquisite pavilion buildings remain in which the museum is housed.

The Blérancourt museum was founded by Anne Morgan, daughter of the financier J.P. Morgan, who bought the property in 1917 to shelter the wounded and homeless during World War I and subsequently lived there for many years.

While at Blérancourt, Anne Morgan collected works of art and documents reflecting the history of Franco-American relations from the American Revolution to the present day. In 1929 she presented Blérancourt and its collections to the French government and it was given the status of a French national museum and was officially named the Museum of French-American Friendship.

The exhibits, composed of paintings, sculpture, historical memorabilia and documents are extremely varied and everything in the museum illustrates either historically or artistically the close relationship between France and the United States over the



past two centuries. Among the most moving souvenirs on display are a Ford ambulance used by the American Field Service during World War I and the order for D-Day dated June 6, 1944, signed by General Eisenhower.

The museum also illustrates the rich cultural and artistic exchanges between the two countries, with exhibits from the many French artists drawn to America for inspiration as well as those American painters influenced by France.

Led by its dynamic curator Pierre Rosenberg, Blérancourt has exciting plans for development, including the expansion of the museum's art collection through the permanent loan of fifty paintings from the Louvre, the Musée d'Orsay and the Centre Georges Pompidou. This permanent exhibit will be housed in one of the pavilions — renovated and expanded for the purpose. In the surrounding grounds, a botanical museum has also been created using American

species. It includes an arboretum of American trees selected for their autumn foliage.

The French government has responded by increasing its subsidy but substantial outside funds will also be needed. A fully tax-exempt US foundation — American Friends of Blérancourt, Inc., has been established and the Florence Gould Foundation has contributed a special matching grant of \$500,000. Other leading foundations as well as leading companies with Franco-American ties also contributed: Dillon Foundation, Disney Foundation, Frederic Henry Prince Foundation, Mona Bismarck Foundation, Seth Sprague Foundation and Air France, Caron, Elegance Inc., France Telecom, I.B.M., Manpower,



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19-12-87

Austria: New Challenges

IN THE NEWS

Sept. 1: Commission Begins Probe of Waldheim

An international commission of historians, appointed by the Austrian government to investigate charges against President Kurt Waldheim, holds its first meeting. Scholars from Belgium, Israel, Switzerland, the United States and West Germany will issue their report early in 1988.

Nov. 5: Chancellor Moves On EC Membership

Chancellor Franz Vranitzky, discussing Austria's future links with the European Community, declares in Bonn that full membership in the EC would be consistent with Austrian neutrality and could not be ruled out at a later date.

Nov. 8: Ruling Party Suffers Setback

The People's Party, which rules Austria in coalition with the Socialists, is the unexpected big loser in Vienna local elections. The party has been losing ground steadily in a string of local elections, but the setback is not thought to be a result of the Waldheim affair. The right-wing Freedom Party, headed by Jörg Haider, nearly doubles its vote to just short of 10 percent.

Nov. 18: Official Resigns Over Anti-Semitic Remark

The People's Party secretary, Michael Graff, is forced to resign after saying that as long as it cannot be shown that Mr. Waldheim "strangled six Jews with his own hands," the president will be all right. Carl Hödl, another People's Party official and the deputy mayor of Linz, is also forced to resign over anti-Semitic remarks.



Kurt Waldheim

Dec. 5: Waning Support For Waldheim Signaled

The Vienna daily Die Presse reports that officials of the two ruling parties have begun soundings about a possible resignation of Mr. Waldheim. The report in the pro-Waldheim paper is seen as a signal of erosion in political support for Mr. Waldheim. Presidential officials rule out resignation.



In Pursuit of a National Identity, Austrians Grapple With History

Soul-searching has become a national neurosis.

By Traudl Lessing

VIENNA—Ask a child, ask anyone to draw an Austrian and he will produce a manikin in short leather pants and a peaked hat with a feather or the strangely heathen *gamsbart*, an upstanding brush made from the hair of the chamois, the European mountain goat.

This simplified image is more typical of the Austrians than the logos of other nations are for them. Under no circumstances would a French girl wear the red Jacobin cap of Marianne. No German nowadays would pull over his ears the nightcap that has graced the German *Mischel* for centuries. No American would wear Uncle Sam's top hat and old-fashioned waistcoat.

But come the first warm days, millions of Austrians put on their national costume: colorful dirndls for women; sturdy leather lederhosen and the peaked hat with *gamsbart* for men. *Gaisern*, a town in Austria's lake area, even has an annual *gamsbart* competition.

The triumphal advance of blue jeans, washed at least once a week, has not really

been able to replace the local leather pants, which are never washed and are only considered in their prime after they have become so patinated that they can stand upright next to their owner's bed.

Local dress is not limited to casual wear. For aristocratic weddings in elegant country houses, for sipping culture at the Salzburg festival, the loden tuxedo and the ankle-length silk dirndl have become a must. A snobbish cult has developed around the national costume.

It can be said, therefore, that the Austrians see themselves as a *Homo alpinus*, an upright, honest, nature-loving breed come down from mountain pastures and high valleys and tied to their rock-studded fatherland by local costumes, yodeling, skiing and Sunday hikes.

But a cult of leather pants and a chauvinistic interest in hardy mountain folk is perhaps insufficient to define a nation.

VIEWPOINT

Austria, this German-speaking remainder of a once-large empire, has wavered for long between the wish to regain former greatness—or at least size—by a union with neighboring Germany, and the necessity to find an identity of its own. The Swiss, neighbors of a comparable size, never seem to ask themselves philosophic questions about their nationhood, serenely accepting that a common history within common boundaries suffices to tie four tribes with four different languages into a national bundle.

The Austrians, unlike the Swiss, who opted out of world history earlier, have never quite

managed to find their self-assurance. And now, between the election of Kurt Waldheim to the presidency and the approaching memorial year of 1988—50 years after the *Anschlus*—national soul-searching has become a national neurosis, and editors, psychiatrists, elder statesmen and sociologists have filled a

Continued on page 8

Austerity and Realism

Waldheim Affair, Economic Changes Create Turbulence

By Henry Tanner

VIENNA—For a small country that cherishes coziness and likes to pretend that it is untouched by the world's tensions, Austria is having a decidedly turbulent time.

It is a country in flux on several fronts, the discomfort going behind the international furor over the continued tenure of President Kurt Waldheim.

For the first time since it regained its independence in 1955, the national economic and social order is being radically transformed. The Austrian welfare state, once proudly hailed as a model for others, is being scaled down in an effort to reduce the towering public debt and make Austrian industries competitive before the European Community abolishes internal tariffs in 1992.

Full employment, once the cornerstone of the "Austrian model," has been scrapped, and aides to Chancellor Franz Vranitzky, a Socialist, now speak of the need for a "cushion of unemployment," a phrase that old-school Austrian Socialists, remembering Bruno Kreisky, another Socialist chancellor, call heresy.

The new catchwords are austerity and realism, as the center-left coalition, the product of last year's inconclusive election, struggles to preserve what it can of the system of social benefits and labor peace created at the time of the economic miracle.

Even old age pensions are "no longer sacred cows," a government official says. State-owned heavy industries, the "unsinkable ships" of the Kreisky era, are being privatized, and some of those that are not viable are being closed down.

Other certainties also are vanishing. Mr. Kreisky's policy of "activist" neutrality, with controversial initiatives in the Middle East and Eastern Europe, has been quietly

dropped. Mr. Vranitzky and Deputy Chancellor Alois Mock are calling for association with the European Community, possibly even full membership.

Such close ties with the West Europeans would not come easily to the neutral Austrians. "We dislike the Germans, look down on the Italians and find the Swiss boring," says Peter Michael Lingsens, editorialist of profit, the leading Vienna weekly.

But neither the economic restructuring, which touches jobs and daily lives, nor the European issue, which will shape the country's future, are the subjects of the most heated discussions either in public or in private.

The controversy surrounding Mr. Waldheim remains the central topic. Nearly two years after it started, "it keeps cropping up in every conversation, with friends and with strangers in pubs," a Socialist official and a rightist politician said in identical words. "It takes so much time, and it overshadows everything."

"You pretty much know what everybody thinks; when people get together, the two sides rush at each other like rugby teams wearing different-colored headbands," said another Viennese.

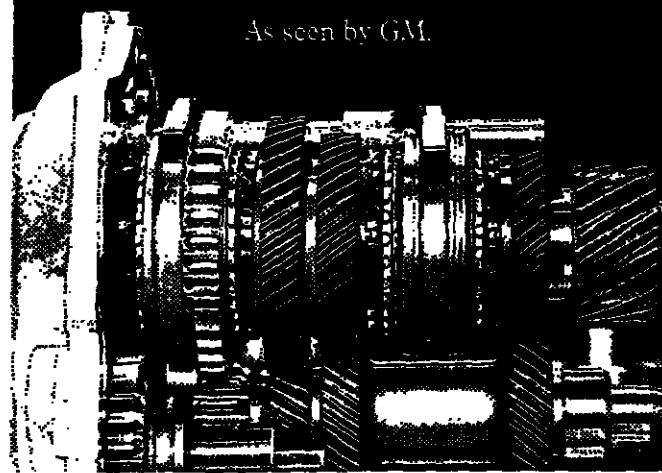
The controversy has taken a new turn in recent weeks. Mr. Waldheim's isolation has deepened.

His chief supporters in the People's Party are hurting politically. Mr. Mock, the party president, who had launched the Waldheim candidacy, is losing control of his party. The party secretary, Michael Graff, was forced to resign, against Mr. Mock's will, under pressure from provincial party leaders who found his latest anti-Semitic remark simply too much.

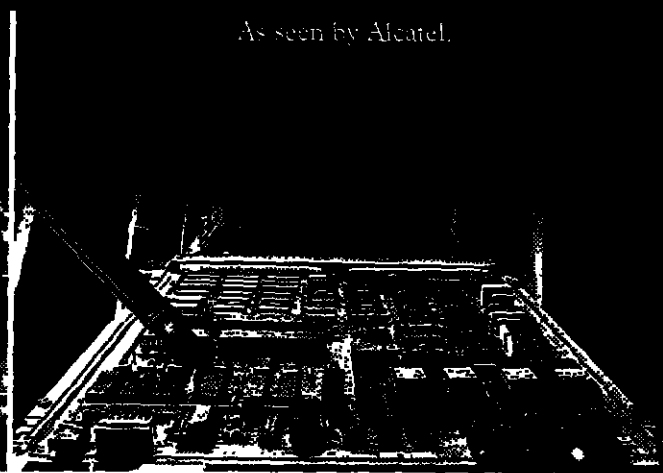
Even in the press, which had been aggres-

Continued on page 8

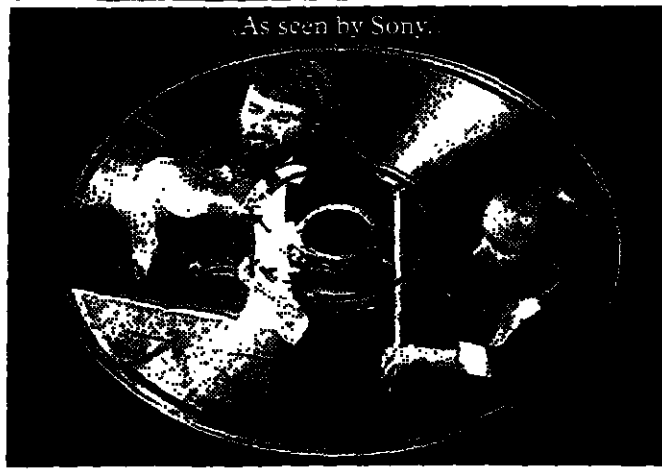
THE BEAUTY OF AUSTRIA



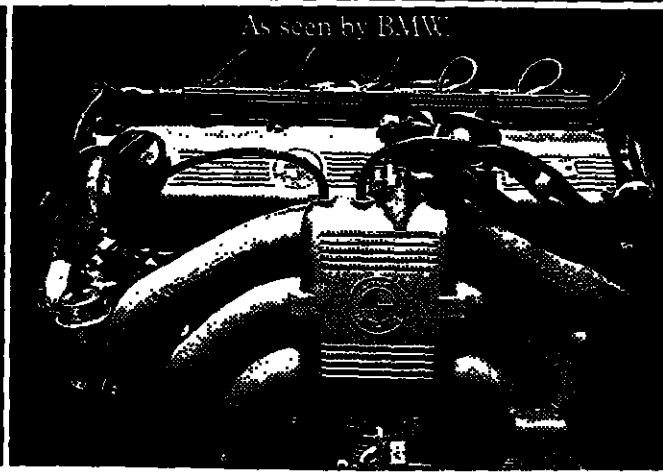
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Image and Identity

Waldheim Affair, Economics Create Turbulence

Continued from page 7

sively and almost unanimously pro-Waldheim, there are signs of disaffection.

For the first time, there has been serious talk that the president may be forced to resign, even though this remains unlikely. Die Presse, Vienna's one serious daily and long a consistent defender of the president, reported that discreet talks to this effect took place between the two coalition parties.

Thomas Chorherr, the paper's editor, who as late as last July took most of a full page to blame Austria's troubles on the foreign press, now says that Mr. Waldheim's voluntary resignation might be a good thing for the country but is not in the cards.

Public opinion also has been evolving. "Jetzt erst recht" ("Now more than ever") was the slogan that the managers of the Waldheim campaign tacked on to his posters when the charges of the World Jewish Congress first broke. The truculent message summed up the nation's mood at the time.

Today, the holes in this national solidarity are widening, judging from the number of critical letters to newspapers and other indications. The national mood changed noticeably after the summer holidays, "when every second Austrian returned from Italy and elsewhere appalled by what people are saying about his country." A politician reports.

A leading editor last week ventured the guess that public opinion now is about evenly divided and that a plebiscite about the president could go either way. The question is not entirely ac-

ademic, since a popular vote or a new parliamentary election would be inevitable if the president stepped down.

As time goes on, the "Waldheim Debate" has been transformed into two separate debates. One is about the person and the office of the president. The other is a national debate about the identity of Austria and the country's role in history, about guilt and innocence during the Nazi period and also about anti-Semitism.

The two debates overlap. But the second is more important.

Many Austrians are beginning to be convinced that this larger national debate is a good thing for the country even while the controversy about the person of Mr. Waldheim is blackening Austria's image abroad.

"Waldheim is the catalyst for a national debate that we should have had 40 years ago," said Eva Novotny, an official in Mr. Vranitsky's office. "We are talking publicly about issues which up till now were the subject of a learned debate between a handful of professional historians in the privacy of their libraries."

Young Austrians, she added, have been hungry for information for a long time and many of them are now getting answers for the first time. "We are beginning to look at ourselves more critically than ever before," said Christian Cap, a Socialist member of parliament said, adding, "It is high time that we convince ourselves that Austria is more than Mozart and Getulicheit."

Writers, artists, young people and plain members of the public carried the burden of the debate at the time when the politicians and most of the journal-

ists were still marching in step with Mr. Waldheim.

For two months last summer, Vienna's of all ages kept a round-the-clock vigil in front of St. Stephen's Cathedral, attracting passersby at all times of the day and night and engaging them in discussions on the underlying issues of the national debate. The vigil was held in front of a plaque commemorating the Austrian resistance to the Nazis.

"Born Guilty" is the title of a drama that has been playing to capacity audiences in a Vienna experimental theater all through the fall.

In a sequence of monologues and dialogues, actors representing the children and grand-children of Nazis act out in stark emotional detail how they discovered the guilt of their fathers and how they coped with being "the son (or daughter) of a murderer." The play is a powerful adaptation of a book of recorded real-life interviews. The author, Peter Sichrovsky, is a 40-year-old Viennese Jew who went to live in Germany and has returned, albeit with trepidation.

IN another part of town, at the Akademie Theater, full houses are applauding a revival of "Herr Karl," an evening-length monologue by an aging Viennese Everyman recounting the personal betrayals and political opportunism that made his life. "Herr Karl" was the creation of Helmut Qualtinger, an actor of post who died a year ago. Many ad expected the play to die with him. Several introspective books about contemporary Austria, often by young authors, have the place of honor on the counters of Viennese libraries.

One, called "Essay on Austria" by Josef Haslinger, includes an incisive analysis of the part of Mr. Waldheim's strategy that many Austrians feel inflicted the deepest and most lasting damage on the nation — namely, his repeated assertions that "like hundreds of thousands of other Austrians, I did nothing but my duty as a soldier."

This, Mr. Haslinger argues, was a cruel hoax as well as blackmail. It misrepresented the charges against the president by twisting them into an accusation against all Austrians who had served in the German Wehrmacht. The result, Mr. Haslinger says, was a forced unreal solidarity wrung from every citizen who had to fear that if Mr. Waldheim could be accused for doing his duty, so could he.

The growing impression that they have been "hijacked into Mr. Waldheim's own personal scheme of guilt by association," as one Viennese writer put it, is one of the reasons why an increasing number of Austrians feel mounting resentment against their president.

Some long-standing taboos and alibis have been eroded if not removed in the course of the national debate. One of these taboos is anti-Semitism and the discussion of anti-Semitism.

There have been opinion polls and investigations by newspapers that registered the rise in anti-Semitism in the wake of the charges by the World Jewish Congress.

When the weekly Wochenpresse denied the existence of renewed anti-Semitism, its rival, offered proof to the contrary by printing a full page of crudely anti-Semitic imprecations that had been phoned in to the switchboard

of Austrian television after a program on "Jewish-Christian reconciliation."

Cardinal Franz Koenig, one of the most respected Austrians, spoke up to deplore the re-emergence of anti-Semitism and appeal to Austrian Catholics to re-dedicate themselves to the spirit of tolerance.

In a remarkably frank speech, the cardinal also said that leading Austrian prelates, including his predecessor as archbishop of Vienna, Cardinal Theodor Innitzer, had welcomed Hitler and later regretted their error.

Cardinal Koenig, who stepped down as archbishop of the capital two years ago at the mandatory age of 80, remains a powerful moral force in the country. He has long been an exponent of liberalism in the church, in contrast to his successor, Monsignor Hans Hermann Groer, a conservative.

Liberal Catholic laymen, who have been in despair at the failure of the church hierarchy to act as a voice of moderation in the national debate, assert that the lack of official church leadership prompted Cardinal Koenig to speak up and set a personal example of candor for Austrian Catholics. The cardinal's Vienna office has been swamped with requests for copies of the speech.

The next step in the drama will come with the report of the international commission of historians who have been appointed by the government to investigate the charges against Mr. Waldheim. The report is due in January or February.

Mr. Mock has tried, but failed, to convince the commission to confine itself to the narrow question of criminal guilt. This would have made it possible



President Kurt Waldheim speaking to the press after his election to the presidency in June 1986.

to proclaim the vindication of Mr. Waldheim if, as is likely, the historians failed to come up with a war criminal's "smoking gun."

Instead, the commission has made it clear that it will look also into the broader question of what Mr. Wald-

heim knew — and concealed. On those grounds, the president is thought to be more vulnerable.

HENRY TANNER is on the staff of the International Herald Tribune.

In Pursuit of a National Identity, Austrians Grapple With History

Continued from page 7

small library with analyses of the Austrian character.

The manikin with the leather pants and the funny hat is not a German. That much seems to be obvious to the mass of Austrians, with the exception of a few Nazis and Greater Germans and a small lunatic fringe of the skinhead type. It took Hitler, the common experience of concentration camps and the privations of World War II to make Austrians aware that they could be a nation of their own.

Through their East European-related history, they developed into a nation apart, despite a common language and culture with their German big brother, whom a majority of Austrians had received with so much enthusiasm in March 1938.

In May 1945, the Austrians quickly forgot the romantic ties that had bound them to Greater Germany. The stampede to get away

from them angered, and still angers, some Germans, and the bitter statement that "the Austrians' greatest achievement was to make the world believe that Hitler was a German and Beethoven an Austrian" is not wholly undeserved.

But creeping quietly out of the history of the Nazi years was not a total success. Too much had to be swept under the carpet and too much did not fit the picture of the Austrians as the "first victims of Nazi aggression." There were the photographs of thousands of Austrians enthusiastically greeting Hitler "the liberator" and other pictures of pleased-looking Austrians watching Jews clean pavements.

This darker side of the sybaritic, singing and dancing Austrian has found an early expression in the two truly Austrian styles — 18th-century baroque and turn-of-the-century Jugendstil. The theatrical, whipped-cream-and-curdie baroque also delights in skulls and other paraphernalia of death. And the morbid side of Austria's Jugendstil, the deadly sweet-

ness of an overripe culture, has been discovered by the world at large in recent years, possibly because the "death-in-life" tradition seems now less absurdly and locally Austrian to Western nations used to dancing on the nuclear volcano.

The basic insecurity, the anticipation of inescapable disaster, makes the attending marvels of life so much sweeter: the turbulent madness of the waltz, the temptation of the fresh Austrian wines and the consolation of music. They are much more important to Austrians than to many other nations.

Dancing is a way of life in Austria, from the Vienna social season with about 800 balls (including dances for the bakers, the plumbers and those of individual Vienna districts), to regular dances on the village green on *Kirtag*, the day of the saint to whom the village church is dedicated.

Austrians dance at country weddings, they dance into the new year to the sound of "The Blue Danube Waltz," and they dance into old

age in booked-up dancing classes for senior citizens.

Austrians, when criticized as a nation, have often pointed to the fact that "After all, we've had Mozart and Beethoven," as if this were a merit not to be clouded by small weaknesses.

What makes Austria a country where music seems ever-present are the thousands of village, fire brigade and railroad workers' brass bands, and the small town, trade union and church choirs, where hard-working citizens spend their free time laboring into the night in order to be able to play a marching tune without a false note or sing an ancient fugue for four to six voices.

All of Austria was up in arms when an American television report in the 1960s painted the Austrians as a bunch of whipped-cream eaters who leaned on their shovels like workers' monuments instead of charging ahead into modern times.

In the meantime, Austrians have learned to live with their image as gluttons. They have

successfully resisted *nouvelle cuisine*, have never forsaken their dumplings, roast pork, Hungarian-style *gulyas* and heavy sweets, and die of heart disease from overweight more often than from liver complaints, which speaks for the quality of the light Austrian wines and not for the nation's abstinence.

So who are the Austrians? Even National Day does not produce a heroic profile before a background of crackling flags. The choice of date gives rise to doubt: In polls, a majority insists that Oct. 26 was chosen because "that was the day in 1955 when the last Russian soldier left the country." Wrong. It was the day when the Austrian parliament unanimously accepted "everlasting neutrality."

The celebrations traditionally consist of a hike. People assemble around 9 A.M., and the federal president wishes a happy holiday over the radio and sends the marchers off. Chatting, munching sandwiches and trying to untangle dogs' leashes and pram wheels, rows upon rows of citizens wind through the Vienna Woods,

the Salzburg hills or up the steep slopes of Innsbruck. At the end, every finisher receives a pin, confirming that he walked six miles (10 kilometers).

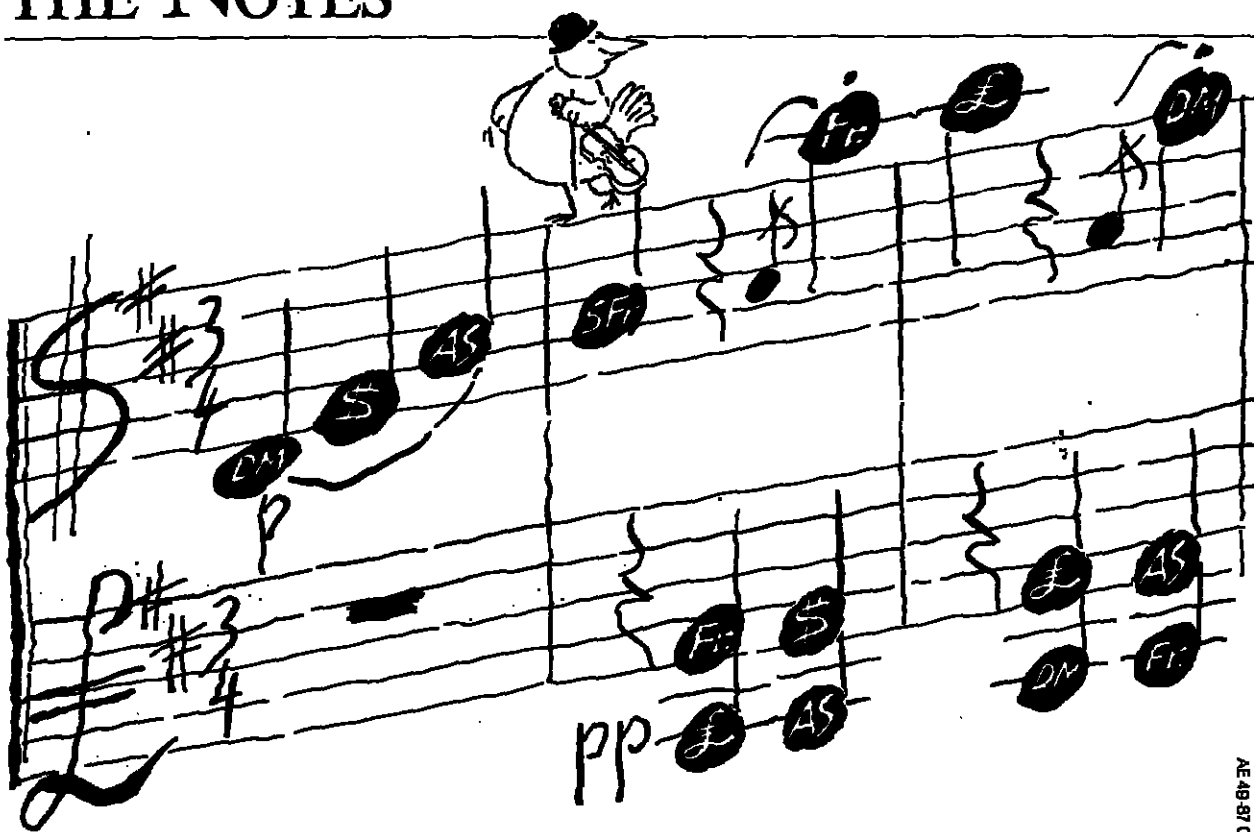
This peaceful, friendly event hides a deep uncertainty about the past: What should Austria celebrate?

Is Nazi and war past? That has been declared unhistorical. The Austrian-Fascist days of 1934 to 1938? God forbid. The good old emperor? Republican Austria knows that the empire was not exclusively Empress Sissy and dancing courtesses.

What can be celebrated is a perfect understatement: a small nation in a small country groping its way toward self-sufficiency and self-made neutrality and hoping for a place, not in Greater Germany, but in Greater Europe.

TRAUDL LESSING, an Austrian journalist who lives in Vienna, is a special correspondent for Time magazine.

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Industry Takes the Painful Pill of Privatization and Restructuring

By Ferdinand Protzman

VIENNA — Over the years, resisting change has become something of an Austrian hallmark, one raised nearly to an art form by practitioners such as Meternich and Kaiser Franz Josef. Franz Josef earned special distinction in foot-dragging by refusing for years to allow installation of electricity or telephones in his Hofburg Palace in Vienna. For Meternich, change was just intrinsically bad, the sort of thing promoted by upstarts like Napoleon. Those stalwarts of the status quo would undoubtedly frown on the transformation of

Austria's economy currently under way. Chancellor Franz Vranitzky's coalition government is privatizing large chunks of the sprawling and often unprofitable state-owned heavy industry, restructuring much of what remains and cautiously pruning the nation's comprehensive social net.

Unlike the Austrian historical figures mentioned above, Mr. Vranitzky, a member of the Socialist Party, is not a stonewaller. The government unveiled a package of budget-reduction measures in September that drew heavy criticism from many rank-and-file Socialists, as well as from former Chancellor Bruno Kreisky, the party's senior figure. Despite the clamor, Mr. Vranitzky did not flinch.

"We are not going to jump back from this," he said. "Rather, we are going to push ahead with what has been announced."

He has lived up to his words. Despite the current turmoil in the global financial markets, the government has not changed its timetable for privatization. It has already successfully kicked off the campaign with the sale of shares in its profitable oil company.

A capital increase at Oesterreichische Länderbank AG, the nation's second largest bank, is under way. The government, which holds 60 percent of the bank's equity, will not participate, in effect allowing its stake to drop to the legal maximum, 51 percent, by letting the public buy the new shares.

In 1988, the government will also reduce its stake in Creditanstalt-Bankverein AG to 51 percent from 60 percent. Interests in Austrian Airlines, the national flag-carrier, and the state-owned electric utility company will be listed on the Vienna Stock Exchange. The state-owned steel company will also undergo restructuring.

The economic transition, economists and government officials said, is painful, promising and unavoidable. The bottom line, they said, is that much of Austria's state-owned industry has no viable alternative to radical surgery if it is going to survive and compete on an international scale. And without changes in the state sector, which accounts for 20 percent of the

national industrial production, the economy faces serious trouble.

It is already having problems. In the first six months of 1987, Austria's gross domestic product grew a scant 0.6 percent from the year-earlier period. For the full year, Georg Busch, an economist with the Oesterreichische Institut für Wirtschaftsforschung (Austrian Economic Research Institute) in Vienna, projects that GDP, which measures a nation's total output of goods and services, will grow between 0.5 and 1 percent, down from 1.7 percent growth in 1986.

Because of heavy losses in the state sector, Austria's budget deficit swelled to 106.7 billion schillings (about \$9.287 billion) in 1986, and is expected to be much higher this year. While deficits were tolerated as the price of full employment, which Austria enjoyed under Mr. Kreisky's tenure in the 1970s, they began to grow out of control in the 1980s.

Now the government is counting on revenue from its privatization package to raise about 16 billion schillings, helping to push the budget deficit down to around 70 billion schillings in 1988. Spending cuts and tax reforms will provide the remainder of the savings in the 1988 budget.

The pain is felt mainly by employees in the state industrial sector. In a nation where just a few years ago unemployment was virtually nonexistent, the loss of jobs and layoffs from restructuring have hit hard, pushing the unemployment rate up to a seasonally adjusted 5.7 percent of the work force in the third quarter of this year.

Crowds of angry workers have repeatedly protested plant closings in front of the Chancellery on Vienna's Ballhausplatz. But the government has not sugar-coated the social dislocations caused by the economic restructuring.

"Nineteen-eighty-eight will be a terrible year," said Hugo Michael Sekyra, the general director of Oesterreichische Industrieverwaltung AG (OIAG), the holding company for the state industries, referring to the sweeping overhaul of Voest-Alpine AG, the state-owned steel concern.

OIAG controls 200 companies and about 96,000 workers. It posted a loss of 10.2 billion schillings in 1986 and expects losses of 7 billion to 8 billion this year. Since 1980, the government has pumped 31 billion schillings into the holding company.

But the changes also carry the promise of a leaner, more competitive, more market-oriented economy.

In October, the government said it would streamline Voest into separate profit centers, while at the same time slashing production and the number of workers. Voest is the nation's largest conglomerate, producing 95 percent of Austria's steel output.

In many ways, Voest is a case study of the problems in the state sector. It was formed in 1973, when the government merged the profitable Voest steel works in Linz with the Alpine works at Donawitz, which was deeply mired in losses. Rather than evolving into a profitable giant, the losses spread like a cancer.

"The fusion made no sense economically," said Wilfried Heinemann, director of the steel division at OIAG. "We learned that bigger is

not necessarily better. We should have adapted to market conditions much sooner."

"The state industries got into trouble because they operate in basic goods, like steel," said Mr. Busch. "These industries have problems everywhere because of fierce competition from low labor-cost countries like Korea and Taiwan. At the same time, however, the service sector has flourished and there is considerable potential there."

Heavy losses in the state sector have swollen the budget deficit.

"The problems of the state sector are really a political issue as much as an economic one," Mr. Busch added. "Conservatives say do away with nationalization altogether. Let's go private. The state is a bad entrepreneur. The Socialists still see value in the state taking the lead in realizing macroeconomic goals."

DESPITE the debate on the merits of privatization, and the global stock market crash in late October, the government has pressed ahead. But sniping, primarily from within the Socialist ranks, has continued, even as the first company, Oesterreichische Mineralöl Verwaltungen AG, the profitable oil company that has Austria's only crude oil refinery, was brought to the bourse in mid-November.

"To be honest, I thought the government should have delayed the OMV sale because of the stock market crash," said a Viennese banker, who asked not to be identified. "Given the importance it held for the remainder of the privatization, the historical reluctance of Austrians to buy equities and the panic atmosphere in the global stock markets, the timing seemed very bad."

Boostered by an advertising campaign, a 40-percent reduction in volume and a per-share price lowered to 4,400 schillings from 5,000 schillings, the sale turned out to be a triumph for the government. It was closed after just three days, oversubscribed by 200 percent. Surprisingly, domestic investors were the primary buyers. Because of the altered conditions, however, it brought in less money than expected.

But observers said the main point was that the sale showed the government could react quickly and decisively to sudden changes in market conditions, which is dominated these days by the same inventions, telephones and electricity, that Kaiser Franz Josef resisted.

FERDINAND PROTZMAN, a staff correspondent of the International Herald Tribune, is based in Frankfurt.

Researchers Stake Out Claim in World Technology

By David Hermges

VIENNA — Almost without knowing how it happened, Austria has found itself thrust into the forefront of a technological advance that will probably transform much of the country's traditional industrial structure.

Many years, in some cases several decades, of basic research and development are now coming to fruition. A picture is emerging of a small European country that can stand tall in world technology, whether in space exploration or AIDS research. But just when this will happen depends a lot on funding.

A report by the Organization for Economic Cooperation and Development on Austrian research and technology criticizes the low level of endowment. In the current year, a mere 1.31 percent of gross domestic product has been spent on research and development, a much lower figure than in the United States or West Germany. The estimate for 1990 is still only 1.5 percent of GDP, coming in roughly equal parts from the state and private industry.

The urgency for adopting a more generous approach was underlined by two events this year: Austria's decision to go ahead with full membership in the European Space Agency (ESA), and the country's agreement to participate in 16 (out of 165) projects launched by EUREKA, the European research initiative. In each case, there is a guaranteed flowback of funds into Austrian industry.

Heading the list of enterprises standing to benefit from these developments is ORS, the Austrian aerospace company, successor to the consortium that built the viewport (window) for Spacelab. With the coming of long-duration space travel, ORS is working on life-support systems, including those for plant growth, breath regeneration and human waste processing, "motored" by sunlight.

Space communications is another niche in which Austria has found a firm foothold, including the Eurotaser project within EUREKA. As far as earth-based communications are concerned, Austria already has one of the most advanced data-transmission networks anywhere in Europe, and a pilot test for the introduction of ISDN (the Integrated Services Digital Network) is to be started in 1988. For this, four firms that otherwise compete on the market — Alcatel, Kapsch, Schrack and Siemens — have formed a joint development company, OFFG, with the Austrian PTT.

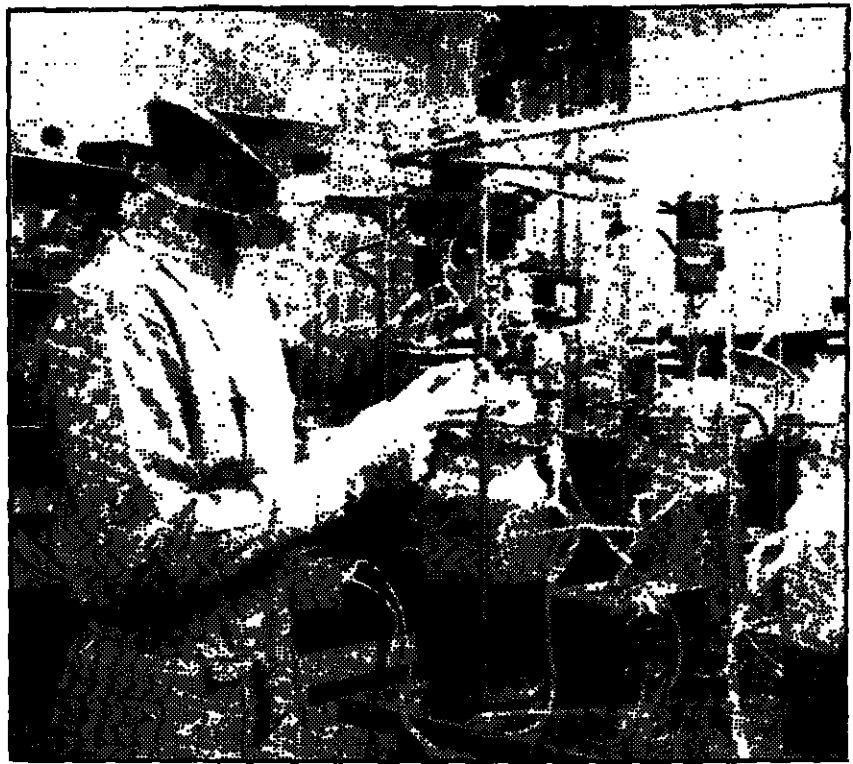
None of these achievements would be possible without broad-based support from the country's technical universities, particularly those in Vienna and Graz.

A cluster of firms in and around Graz all concentrating on telecommunications and micro-electronics, including the production by AMS of customized chips, provide chances for turning the south of the province of Styria into a sort of miniature Silicon Valley.

The giant Austrian steel and engineering conglomerate Voest-Alpine has responded by changing its product line accordingly. One of its biggest recent successes has been the development (together with Honeywell Bull) of a computer software protection method known as SOFT SEAL, which eliminates the possibility of producing pirated copies of expensively produced programs.

The western province of Tirol, better known for its mountain resorts, also has a striking high technology reputation. Metallwerk Plansee, which has been a world leader in powder-metallurgy since the 1960s, has now started introducing advanced technologies into its production line. Plansee is switching its long-standing reliance on semi-finished products in cemented carbides ("hard metals") to fully fabricated parts, such as X-ray tubes.

Also operating in Tirol is Biochemie, whose researchers developed the first oral penicillin, marketed under the name



A lab at Immuno's Biomedical Research Center east of Vienna.

Ospen. More recently, the company has become known for its industrial-scale production of Interferon using biotechnological processes.

Worldwide attention was attracted earlier this year by the Lower Austrian company Immuno, which announced an advance in the fight against Acquired Immune Deficiency Syndrome. Immuno, which has been producing a variety of vaccines since the 1950s, said it had now developed a prototype vaccine antigen, GP 160, which

causes the formation of antibodies resulting in neutralization of the AIDS virus in vitro.

Immuno is also among the Austrian companies engaged in the EUREKA project for research into biotechnological mass-cell cultures.

DAVID HERMGES, a Vienna-based journalist, reports for Radio Austria International.

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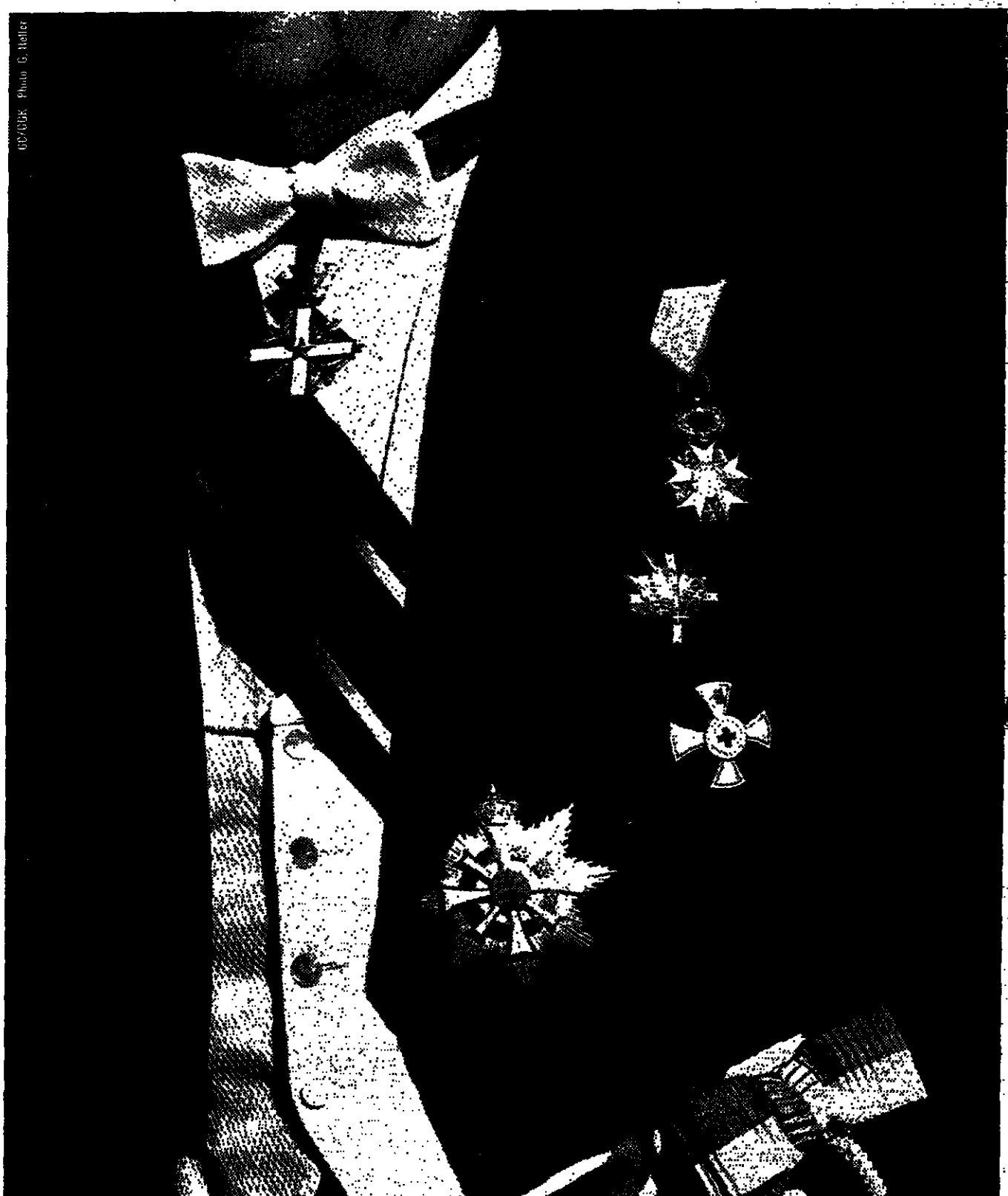
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SATURDAY-SUNDAY, DECEMBER 19-20, 1987

ECONOMIC SCENE

Steadying Markets No Sign That World Crisis Is Over

By LEONARD SILK. NEW YORK — Although the securities markets have steadied in recent weeks, there are plenty of signs that the danger to the international economy is anything but over.

World debt problems appear to be worsening. Oil prices, in the aftermath of a flimsy price and production agreement by the Organization of Petroleum Exporting Countries, have plunged below \$16 a barrel — good news to consumers and financial markets, but alarming to producers and industrial nations.

Thirty-three economists from 13 countries, assembled by the Institute for International Economics in Washington, have issued a warning that there is still "something seriously wrong with the world economy." Two financial shocks have given very strong evidence of the gravity of the problem: the fall of the bond market by 30 percent in the early months of 1987 and the fall of stock markets around the world by 20 to 30 percent this fall.

If corrective measures are not taken promptly and in adequate degree, the economists caution, "a third crash of the markets could be greater than either the first or the second."

Is the world suffering from one economic disease or many? The group, which includes two Nobel laureates, Lawrence Klein of the University of Pennsylvania and Franco Modigliani of the Massachusetts Institute of Technology, concludes that the world is suffering from "many major and unsustainable imbalances, which take different form in different parts of the world."

The cure, they say, "must begin in the United States, whose twin deficits lie at the heart of the matter." Restoring balance in America's external position, the study says, will require eliminating both the present current-account deficit, which is more than \$150 billion, and financing the costs of the United States' becoming the world's largest debtor, with annual servicing charges of about \$50 billion.

CONVERSELY, Japan, West Germany and other countries will have to see their external surpluses shrink by \$150 billion to \$200 billion, a shift their export industries will find it hard to tolerate. The study estimates that Japan's surplus will have to drop by \$70 billion to \$100 billion.

In addition, West Germany and other European countries will have to cut their annual external surpluses by \$50 billion to \$70 billion, and the Asian producers, by about \$30 billion. The Asian and European countries with surpluses will have to ease the pain of shrinking export markets by expanding their domestic economies faster. The study found that Japan "is off to a very good start," but is critical of others.

Finance Chief Out In Brazil

Bresser Pereira, Angered, Resigns

BRASILIA — Finance Minister Luiz Carlos Bresser Pereira, the economic policy chief for the world's most indebted developing nation, resigned Friday after failing to persuade President José Sarney to cut government spending and raise taxes for the wealthy.

A spokesman confirmed the resignation of the former professor of economics. He had been in the post less than eight months. No successor was named.

Like his predecessors, Mr. Bresser Pereira, Brazil's third finance minister in its 34 months of democratic rule, could not produce the formula needed to ease the burden of its \$113 billion foreign debt. Only the United States is more heavily indebted.

The resignation had been widely expected. Mr. Bresser Pereira had sought in vain for several weeks to persuade Mr. Sarney to order an economic plan featuring big spending cuts and progressive taxation of interest and dividends on capital investments.

Mr. Bresser Pereira's goal was to trim the budget deficit, estimated by the government at 5 percent of gross national product and at 7 percent by private economists, to 3.5 percent of GNP.

The International Monetary Fund had indicated that, if this could be achieved, it would be more willing to increase its loans to Brazil. This in turn would have encouraged commercial banks, alienated from Brazil for much of this year for its refusal to meet interest payments.

The banks signed an agreement Tuesday lending Brazil an additional \$3 billion until June.

Mr. Bresser Pereira, 53, became finance minister on April 29, when Dilson Funaro resigned after the collapse of a price-freeze program aimed at controlling Brazil's triple-digit inflation, now put at 350 percent.



The cover of a mailing, containing the Soviet newspaper Pravda, that was sent by Philip Morris U.S.A. to American newspaper editors.

Philip Morris's Pravda-cative Point

Cigarette Maker Uses Journal to Send a Message on Ads

By Richard W. Stevenson. NEW YORK — Pravda does not carry cigarette ads. But last month it became a vehicle for the largest U.S. tobacco company, Philip Morris Inc.

Philip Morris, the maker of Marlboro, Virginia Slims and other brands, mailed copies of the Soviet newspaper to several hundred news editors and other media executives across the United States.

Enclosed was a letter from Guy L. Smith 4th, the company's vice president for corporate affairs. "Pravda does not carry cigarette advertising, or indeed any advertising," he wrote.

Mr. Smith went on to note that legislation is pending in Congress that would ban all advertising and promotion of tobacco. "Those who favor such a ban hope to control the behavior of Americans by limiting their access to information," he said.

Philip Morris knew the mailing would attract criticism but saw it as an effective means of raising the issue, Mr. Smith said. "I don't think it's heavy-handed," he said.

The campaign certainly attracted the attention of Representative Mike Synar, the Oklahoma Democrat who is the sponsor of a bill to ban all tobacco ads. He accused Philip Morris of "red-baiting."

BP Begins Offer For Britoil but Veto Is Declared

By Warren Geller. LONDON — British Petroleum Co. said Friday that it would begin a \$2.7 billion (\$4.17 billion) offer for Britoil PLC, but the government said it would veto the offer.

The panel, a self-regulatory group that is not government-controlled, will need to determine whether any acquisition offer is valid, given the government's decision to employ its special share.

BP said early Friday that it had raised its interest in Britoil to 29.9 percent from 24.9 percent and would make a tender offer of 450 pence per share.

Any stake above 29.9 percent requires a full bid under British law. Also Friday, Kuwait said it had increased its holding in BP to 16.06 percent from the 15.02 percent announced Wednesday.

When Britoil was sold to the private sector in 1982, the government retained a so-called golden share. The Treasury said Friday that the government intended to use the share "to prevent any bidder from gaining control of the Britoil board."

Clarifying that statement, a Treasury spokesman said the government took the view that the special share did not prevent bidders from acquiring Britoil shares but could be used to prevent a predator from controlling the Britoil board.

The share can also be used to outvote any bidder at shareholder meetings, he said.

BP, the world's third largest oil company, said its tender offer, prompted by a desire to expand its North Sea oil and gas interests, was contingent upon approval from Britain's Takeover Panel.

The panel, a self-regulatory group that is not government-controlled, will need to determine whether any acquisition offer is valid, given the government's decision to employ its special share.

Currency Rates

Table showing currency rates for various countries including Amsterdam, Brussels, Frankfurt, London, and New York.

Interest Rates

Table showing interest rates for Eurocurrency deposits, U.S. money market funds, and other financial instruments.

Oil Decline Will Save U.S. Billions, but Is a Mixed Blessing

By Barnaby J. Feder. NEW YORK — American consumers will save billions of dollars next year and inflation will slow because of OPEC's inability to curb its members' crude oil production, according to oil industry analysts.

But major oil price declines are a mixed blessing for the United States, which is also a large oil producer.

Since Monday, the price of the benchmark contract for West Texas Intermediate, the most commonly traded U.S. crude, has fallen to about \$15.50 a barrel from \$18.31.

Consumers could see the impact of the decline as soon as February, when the price of home heating oil and gasoline could fall by as much as 7 to 8 cents a gallon. The savings could double if oil prices plunging from their current levels of \$15 to \$16 a barrel for key types of crude oil, to the \$10 to \$12 level foreseen by some analysts, who think a huge glut of oil is accumulating.

The decline is expected to push down the prices of thousands of petroleum-based products, even though refiners and distributors are unlikely to pass on all the savings. Perhaps even more important, economists said, the oil price decline will reduce inflationary pressures throughout the economy.

Hutton Said to Cut Jobs

LONDON — U.S. broker E.F. Hutton Group has laid off more than 300 of its 400 staff in London, dealers in the company said on Friday.

Senior officials were not immediately available to comment. Shearson Lehman Brothers Holdings, an American Express Co. subsidiary, agreed early this month to acquire E.F. Hutton for almost \$1 billion.

Analysts had predicted the loss of nearly half of Hutton's staff positions worldwide. Shearson has already shed 150 London staff.

Before the merger, the two brokerage houses employed a total of 12,500 brokers in 732 offices.

At the time of the acquisition, Shearson said it would result in the loss of 5,000 to 6,000 jobs within a year, mostly through attrition. Employment at the combined firms is about 47,000.

Hardwick Simmons, a Shearson vice chairman, said that about 90 percent of the cuts would be in New York.

Markets Warned To Discount Rumors on G-7

WASHINGTON Post Service. WASHINGTON — Sources here and in Europe warned financial markets on Friday to discount rumors that the Group of Seven major industrialized democracies would soon issue a statement reaffirming its February accord to stabilize exchange rates.

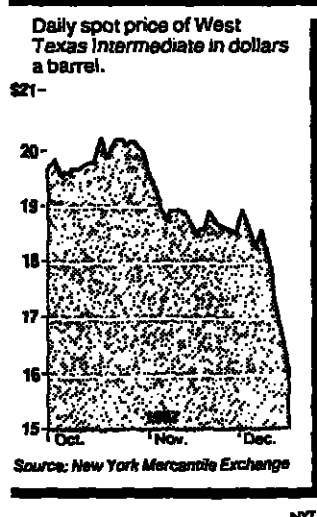
Moreover, the sources said disagreements between the United States and the other members leave the prospect of a new G-7 meeting highly uncertain.

"No statement or meeting can reaffirm the Louvre accord," a European source said. "It would be foolish, because there is no agreement that could back it up."

Italy's Treasury minister, Giuliano Amato, said he and other G-7 finance ministers were in frequent telephone contact. "The G-7 is currently meeting by phone," Mr. Amato said, and he predicted a G-7 meeting "early next year."

Earlier in the day, unnamed Japanese officials said a weekend statement was possible. The report helped boost the dollar from near record lows, would not be as severe this time.

Path of Oil Prices



Daily spot price of West Texas Intermediate in dollars a barrel.

Countries' failure to reach an effective agreement would lead to the kind of glut that sent spot crude prices plunging in the summer of 1986 to about \$9 a barrel and, by some estimates, saved American consumers \$26 billion in gasoline bills alone last year.

But most said the situation might not be as dramatic as the recent rise in prices made it appear.

"You have to remember that 40 percent of the Merc is in the hands of speculators," said Jack L. Copeland, an oil analyst, referring to the trading of oil contracts on the New York Mercantile Exchange. "It tends to overshoot on the way up and the way down."

Thus, the prices that refiners pay for crude are trailing the market's tumble. Atlantic Richfield Co., for example, said Thursday that it was dropping the price it was willing to pay for West Texas Intermediate by \$1.50 a barrel, to \$16.50.

Because of the oil price declines, such states as Texas, Oklahoma and Louisiana that are still suffering from the sharp fall that began in December 1985 can expect a new slowdown in production and exploration, said Earl Stolz, an analyst at the New Orleans brokerage firm of Howard, Weil, Labouisse, Friedrichs Inc.

Higher Energy Costs Boost U.S. Prices by 0.3%

WASHINGTON — U.S. consumer prices rose a moderate 0.3 percent in November compared with October as energy costs inched upward after two months of declines, the government said Friday.

In a separate report, the Commerce Department said that U.S. consumer spending climbed a healthy 0.5 percent in November despite the jolt from the stock market crisis, even as personal income fell at its steepest rate in 15 years.

The November rise in the Labor Department's Consumer Price Index followed a 0.4 percent increase in October.

Slick Operators

Computer-integrated manufacturing specialists in the U.S. are becoming so cost-efficient that a major Japanese auto producer will soon be turning the tables and importing U.S.-built cars to meet its own domestic demand.

Indigo is not a licensed broker.

Indigo is not a licensed broker. Avila Palma de Mallorca 43, Torremadreja, Malaga, Spain. Telephone 34-32-385888 - Telex 79422.

Source: Bureau of Economic Analysis, Washington, D.C.

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Friday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

Table with columns: 12 Month High Low, Div. Yld. PE, 12 Month High Low, Close, Change. Lists various stocks and their performance.

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U.S. Futures

Via The Associated Press

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NYSE High-Lows

NEW HIGHS

Table with columns: NEW HIGHS. Lists various stocks and their high prices.

NEW LOWS

Table with columns: NEW LOWS. Lists various stocks and their low prices.

W-X-Y-Z

Table with columns: W-X-Y-Z. Lists various stocks and their prices.

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Table with columns: Company Name, Revenue, Profit. Lists various companies and their financial results.

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Paris Commodities

High Low Bid Ask

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London Commodities

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Dividends

Per Cent Pay Rec

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Spot Commodities

Today Prev. A.O.C.

Table with columns: Today Prev. A.O.C. Lists various commodities and their spot prices.

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U.S. Treasuries

Discount Yield

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London Metals

Close Bid Ask

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S&P 100 Index Options

Call Put

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Swiss Board Approves

7 More McDonnell Jets

The Associated Press

ZURICH — Swissair, the Swiss national airline, said Friday that its board had approved the purchase of six more long-range MD-11s and an additional DC-9-81 short-haul jet in a transaction worth about 1 billion Swiss francs (\$751 million).

The MD-11 order raises to 12 the number of the new long-range tri-jets Swissair has ordered from McDonnell Douglas Corp. The jets are to replace Swissair's aging fleet of DC-10s beginning in 1990.

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The Global Newspaper

AMSTERDAM — P.D. Magnetics, a joint venture of Philips NV and Du Pont Co., has failed to agree on cooperating with a subsidiary of Bayer AG to produce magnetic tapes, Philips said Friday.

In a statement to the Amsterdam Stock Exchange, it said that P.D. Magnetics ended talks with Bayer AG aimed at setting up a joint venture in which Bayer would take a 60 percent stake and Philips and Du Pont 20 percent each.

The companies began talks in July to join forces and combat heavy competition, particularly from the Far East, which has pushed down prices on audio- and videocassettes.

PHILIPS TAPE UNIT ENDS AGTA TALKS

PHILIPS TAPE UNIT ENDS Agta Talks

Profit Seeks Ma

Profit Jumps

Pennzoil S

GM

Writ-Off

Renault Said

To Be Reduced

BP: Veto Declared

BOESKY: Gets 3-Year Term

BOESKY: Gets 3-Year Term

BUSINESS ROUNDUP

Sanofi Seeks Majority in Robins

NEW YORK — A.H. Robins Co., burdened by legal claims over the Dalkon Shield contraceptive device, has received an offer from Sanofi of France to buy more than half the pharmaceutical concern.

Robins said Thursday that Sanofi had proposed buying a controlling interest with the right to complete the acquisition later. No terms were released.

BHP's Profit Jumps 21%

MELBOURNE — Broken Hill Pty. said Friday that higher oil output and prices pushed its net profit up nearly 21 percent in the first half of the current fiscal year.

ed first-half earnings of \$74.4 million dollars. After that, profits began to suffer as falling oil prices cut into revenue at its petroleum division.

Sales in the first half, ended Nov. 30, rose 10 percent to 4.85 billion dollars, from 4.4 billion in the first six months of fiscal 1986-87.

BHP also forecast strong prospects for oil in the second half, with major investments in exploration and current production of oil fields around the world.

Texaco, Pennzoil Said to Be Close to \$3 Billion Settlement

NEW YORK — An end to the four-year battle between Texaco Inc. and Pennzoil Co. appeared close on Friday, the only remaining issue being whether interest should be paid on the \$3 billion settlement figure.

from April 12, the date of its bankruptcy filing, until a reorganization plan was confirmed.

The settlement would be the key part of a reorganization plan that would bring Texaco out of bankruptcy court.

Texaco was required to put up a bond in the amount of the judgment during an appeal. Unwilling to do so, and having lost a court case on the issue, it filed last April for protection from creditors under Chapter 11 of the bankruptcy code.

Texaco has taken the position that no interest is payable to Pennzoil, Mr. Zweibel said.

Since then, its fate has been largely in the hands of committees appointed by the federal

Cadbury Agrees To Buy Poulain From Midial

PARIS — Cadbury-Schweppes PLC said Friday it had agreed to buy Poulain, the French chocolate group, for 950 million French francs (\$172 million).

Philippe Midy, head of the French group Midial SA, which owns Poulain, said the agreement would provide Cadbury, a British confectionery and soft drinks group, with a foothold in Continental Europe.

Poulain, founded in 1848, was bought by Midial only last year. Midial also recently sold its breakfast cereal subsidiary Nutriol Compagnie to the French subsidiary of the U.S. group Corn Products Corp. for 650 million francs.

Poulain had sales of 855 million francs in 1986. It employs 840 people in two factories, which processed almost 30,000 tons of chocolate this year.

FREE INFORMATION FROM INTERNATIONAL INVESTOR VII Herald Tribune. The latest information from the distinguished companies listed in this section are available to you at no charge.

ACCOR A HOTEL, CATERING AND SERVICE COMPANY. Accor is a hotel, catering and service company with 40 trade names spanning all major market segments.

BAYERISCHE VEREINSBANK AG. BAYERISCHE VEREINSBANK AG paid its more than 90,000 shareholders an increased dividend of DM 13.00 (= 26%) for 1986.

ECONOCOM. ECONOCOM is the industry leader in computer consultancy and implementation. The group is presently operating in 15 European countries.

Debt Write-Off For Renault Said To Be Reduced

PARIS — France has scaled back its plan to write off 12 billion francs (\$2.2 billion) of debt of the automaker Renault, a move that may hurt plans to alter the company's special legal status.

GM, Its Sales Weak, Lays Off Another 2,275

DETROIT — General Motors Corp. confirmed Friday that it would place another 2,275 workers on indefinite layoff next month to reduce bloated inventories of unsold cars.

New Jersey, plant for two weeks until Jan. 18, affecting 4,000 workers.

The latest cuts mean that GM will have about 29,000 workers on temporary and indefinite layoffs during December and January.

BP: Veto Declared on Britoil Offer

BP made a similar approach. "With the golden share in play, I think things here have gotten a bit messy for Arco to come back and make a full bid," said Richard Anoshian, oil analyst with Chase Manhattan Securities in London.

World Cocoa Surplus Keeps Chocolate Makers Sweet

LONDON — Chocolate makers are enjoying a bumper year as low cocoa prices bring higher profits and sales.

Fokker Expects Operating Loss

AMSTERDAM — Fokker NV, the Dutch aircraft manufacturer, said Friday that it expected a 1987 net operating loss of 14 million guilders (\$7.6 million).

Europe Intelligence

EUROPE INTELLIGENCE - the unique weekly magazine which tells you what Europe is thinking. Every week, Europe Intelligence - through its network of experienced international editors in each European capital - selects and republishes the most significant opinions columns of Europe's leading newspapers.

Europe Intelligence advertisement with logo and contact information.

FAX DON'T WAIT ANY LONGER advertisement with image of a fax machine.

BOESKY: Gets 3-Year Term

The judge warned Mr. Boesky in April, however, that "although various judges have various reputations," he had "the authority and responsibility of deciding whether you should receive up to the maximum."

SMOKE: A Pravda-captive Point

Anti-smoking forces fought back with an essay contest of their own. A group called Doctors Ought to Care, or DOC, said it would award a \$1,000 first prize to the law student who could come up with the best essay on the question of whether tobacco company executives should be criminally liable for deaths and injuries caused by smoking.

PHILIPS POCKET MEMO YOUR ELECTRONIC NOTEBOOK

When you consider that you speak 7x faster than you write, you'll see the benefits of using a Philips Pocket Memo as an electronic notebook.

PHILIPS POCKET MEMO advertisement with image of the notebook.

VEBA AG advertisement with image of a VEBA 86 product.

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Herald Tribune coupon form with fields for Name, Job Title, Company, Address, City, and Country.

Friday's AMEX Closing. Tables include the notional prices as to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press.

Table A: 12 Month High Low Stock Div. Yld. PE. Lists various stocks with their respective prices and financial metrics.

Table B: 12 Month High Low Stock Div. Yld. PE. Lists various stocks with their respective prices and financial metrics.

Table C: 12 Month High Low Stock Div. Yld. PE. Lists various stocks with their respective prices and financial metrics.

Table D: 12 Month High Low Stock Div. Yld. PE. Lists various stocks with their respective prices and financial metrics.

Table E: 12 Month High Low Stock Div. Yld. PE. Lists various stocks with their respective prices and financial metrics.

Table F: 12 Month High Low Stock Div. Yld. PE. Lists various stocks with their respective prices and financial metrics.

Table G: 12 Month High Low Stock Div. Yld. PE. Lists various stocks with their respective prices and financial metrics.

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Table with columns: Country/Currency, 12 months (+32 FREE ISSUES), % SAVINGS, 6 months (+26 FREE ISSUES), % SAVINGS, 3 months (+13 FREE ISSUES), % SAVINGS. Lists savings for various countries like Austria, Belgium, Denmark, etc.

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INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) Dec. 18, 1987

Large table listing various international funds with columns for fund name, share price, and other financial data. Includes sub-sections for 'Other Funds' and 'CREDIT SUISSE (ISSUE PRICES)'.

Vertical advertisement on the right edge of the page, featuring 'Friday's OTC Prices' and 'Speculation'.

CURRENCY MARKETS

G-7 Speculation Gives a Lift to Dollar

NEW YORK — The dollar closed firmer on Friday, lifted by speculation that the Group of Seven industrial nations may soon meet and possibly renew the Louvre accord on currency stability, dealers said.

London Dollar Rates

Table with columns: Closing, Ft., Yen, Deutsche mark, French franc, Swiss franc, Source: Reuters

The sources said the discussions were conducted by telephone with no personal meetings. Earlier, government sources in Tokyo had said the G-7 might issue a statement this weekend reaffirming the need for currency stability.

Taiwan to Resist U.S. Dollar's Fall Versus Own Unit

TAIPEI — Taiwan, despite mounting pressure from Washington for a faster appreciation of its currency, will not allow a free-fall of the U.S. dollar against the Taiwan dollar, the central bank governor, Chang Chi-cheng, said Friday.

Greenspan Says Policy Of Fed Still Not Normal

WASHINGTON — Federal Reserve policy, which was relaxed after the Oct. 19 stock market collapse, has still not returned to normal, the Federal Reserve Board's chairman, Alan Greenspan, said Friday.

Euro-Commercial Paper

Table with columns: Issuer, Maturity, Bid, Ask, 15-45 days, 46-75 days, 76-105 days, 106-135 days, 136-165 days, 166-183 days

SHERIDAN MORLEY IN THE IHT EVERY WEDNESDAY WITH PERCEPTIVE CRITICISM OF THE LONDON THEATER

As suspected, the collapse in funds was related to a sharp surge in float, or unsecured balances, which produced a large miss in the Fed's projection of reserves on Wednesday.

Friday's OTC Prices MASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value.

Large table of OTC prices with columns: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 4 P.M. CHG

Table with columns: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 4 P.M. CHG

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Table with columns: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 4 P.M. CHG

Friday's AMEX Closing Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High Low Stock Div. Yld. Sales in 100s High Low 4 P.M. CHG

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- ACROSS 1 Edible pod 52 Backslides 99 Pres. Carter's birthday

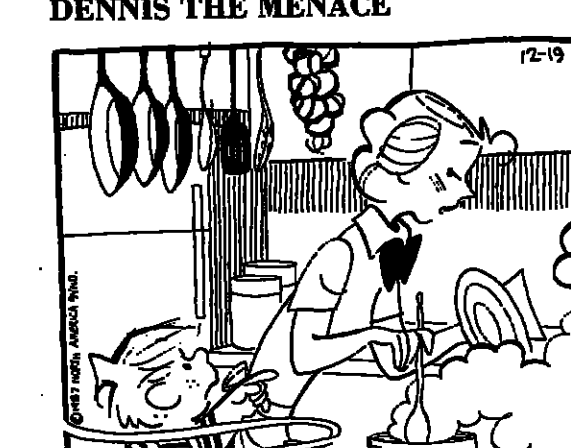
Let It Snow By John M. Samson. A crossword puzzle grid with numbers 1-114.

- DOWN 1 Bird of Baffin 14 Vehicle with runners

- DOWN 43 "Sesame Street" teachings 53 Rev. 79 Methuselah's father

THE GREAT TRIUMVIRATE By Merrill D. Peterson. 573 pages. \$27.95. Oxford University Press, 200 Madison Avenue, New York, N. Y. 10016.

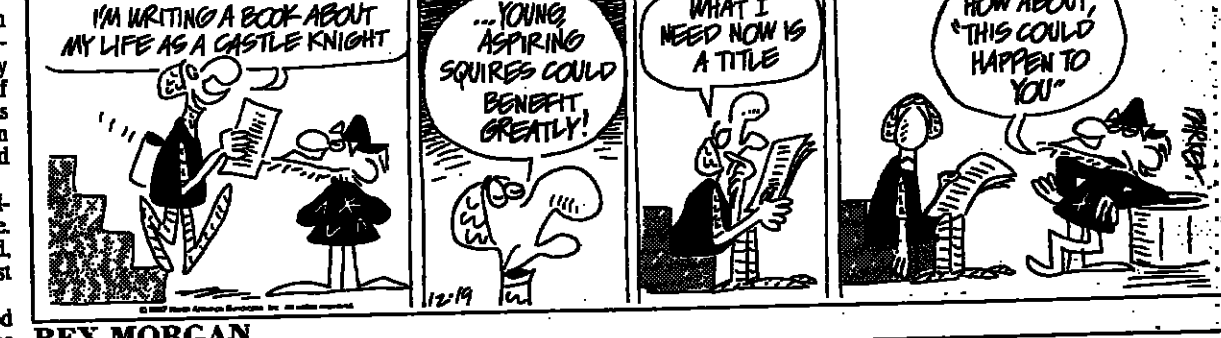
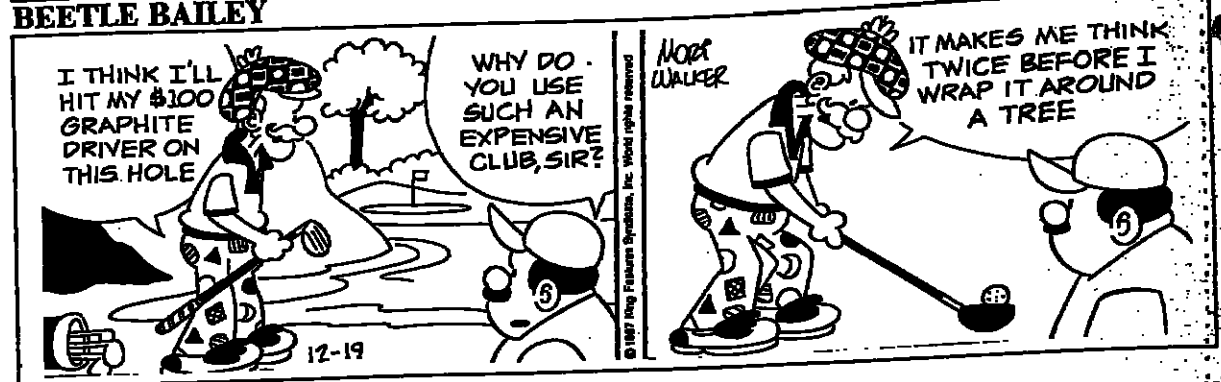
BOOKS At the outset the task of this second generation seemed clear: the building of a nation upon the inherited legal, political, and geographic framework.



Solution to Last Week's Puzzle. A grid with words like BUNNY, STAYE, WAPOR, TACCA, etc.



World Stock Markets. Table with columns for Amsterdam, London, Hong Kong, Frankfurt, Zurich, Tokyo, etc., listing various stock indices and prices.



Wales' Little Wo... Has Had a Big C... Like No... SCOREBOARD... TRANSIT... Various small advertisements and notices.

WEATHER. Table with columns for EUROPE, ASIA, AFRICA, LATIN AMERICA, NORTH AMERICA, MIDDLE EAST, OCEANIA, listing high, low, and other weather data.

SPORTS

Wales' Little Woosnam Has Had a Big Golfing Season Like No Other

OSWESTRY, England — Ian Woosnam is golf's little big man. Standing 5 feet 4 1/2 inches (1.64 meters), the 29-year-old farmer's son from Wales has turned stature into an advantage and become the game's most dominant player this season, with eight individual victories and two major team titles.

"I'm not really surprised at my success," Woosnam said. "I always knew I had the ability. But I am surprised it has all come together in the same year."

"He's a natural," said a former Masters champion, Ben Crenshaw. "A little guy who hits the ball a long way and keeps on fighting."

Woosnam's winning season began at the Hong Kong Open in March, to be followed almost immediately by victory in the first event of the European PGA Tour, the Jersey Open. Then came titles across Europe.

He was 19 under par winning the Madrid Open, 20 under at the Scottish Open, 24 under when he won the Lancome Trophy in France. A 9-over finish at the Spanish Open was his only time above par for 72 holes.

Next, Woosnam played a starring role as Europe retained the Ryder Cup against the United States at Muirfield Village in Ohio. Then he became the first Briton to capture the prestigious World Matchplay Championship. In mid-November, he won the World Cup individual title by five shots in Hawaii, while he and David Lewellyn, in a major upset, captured the team title for Wales.

"That was, of course, very special. But I consider the Ryder Cup my most treasured event of the year," he said. "It was such an experience to be a part of something no other European team had done before, win the Ryder Cup on American soil."

No other golfer has had a year like Woosnam's, which he closed by winning the biggest prize in golf history, the winner-take-all Million Dollar Challenge in South Africa. Of 22 tournaments entered, he finished in the money 20 times, with 14 top-10 finishes. His stroke average was 69.81. He led the European tour in driving distance at 275 yards (251.4 meters), 11 yards more than when he took the title in 1985.

"Some of the big guys lose a lot of power because their bodies aren't right," he said. "If you are short and compact, you have good balance. It makes your swing more consistent."

"But, he added, "it's all down to my putting, really. For the last couple of years, I'd been playing from tee to green but the putts wouldn't go in. This year, I have not played any differently but I've holed the putts."



Ian Woosnam



Ralph Sampson swatted away Kareem Abdul-Jabbar's shots, held him to 8 points, scored 24 — and the Warriors lost.

Sampson, Not Samson

Compiled by Our Staff From Dispatches OAKLAND, California — Ralph Sampson made his debut Thursday night with the Golden State Warriors and, although the 7-foot-4-inch (2.23-meter) center could not help the National Basketball Association team's dismal decline, he kindled hope for brighter days.

Sampson got 24 points, 8 rebounds and 5 assists as the Warriors fell to 3-16 with a 113-106 loss to the Los Angeles Lakers, whose Magic Johnson had 31 and 17 assists.

"I came in here off a long flight, but very excited and with a new attitude as though I was just drafted out of college," Sampson said.

He came to the Warriors in a trade late Saturday night that also brought guard Steve Harris, with the Houston Rockets getting guard Eric (Sleepy) Floyd and center Joe Barry Carroll, both all-stars.

Predictably, when Sampson was introduced, most of the sellout crowd of 15,025 thundered its approval and applauded with a standing ovation.

Sampson stood somewhat nervous at center court and bit his lip until the cheers subsided.

Then he won the opening tip from the 7-2 Kareem Abdul-Jabbar and brought the crowd to its feet with a dunk. After Byron Scott stole one of his passes, Sampson again turned the crowd on with a reverse dunk that gave the Warriors an 8-6 lead. He finished the quarter with eight points, although his team trailed, 28-26.

Sampson scored six points and blocked a shot by Abdul-Jabbar in the second quarter, and was clearly the winner in the pivot. Abdul-Jabbar, who less than two weeks ago had his streak of 787, would finish this one with eight points.

But when Sampson left the game, after his jumper with 4:23 to go in the second quarter put the Warriors ahead, 46-44, the Lakers dominated. At the half, they led by 61-53.

In the fourth quarter, Sampson, too, faded. He got only five points as the Warriors blew a 101-91 lead.

"I thought the Lakers did a good job defensively," said the Warriors' coach, George Karl. "They are very capable of tightening the screws down. And, as always, they got every call. They are just like heavyweight champs: You got to knock them out to win." (NYT, AP)

have thrived: Conlan is the club's leading tackler, with 61 unassisted and his 93 total; Bennett has produced four and a half sacks, five pressures and has forced two fumbles. In addition, he has 30 individual tackles among his 40.

Wilander and Jarryd Win, Giving Sweden 2-0 Lead Over India in Davis Cup Final

The Associated Press GÖTEBORG, Sweden — Mats Wilander and Anders Jarryd mastered their Indian opponents Friday to give Sweden an expected 2-0 lead over India after the opening singles matches in the Davis Cup tennis final.

Wilander, who had beaten Ramesh Krishnan on outdoor clay, grass and hard court in the three matches they had played since 1985, got another victory on indoor clay as he prevailed 6-4, 6-1, 6-3 over India's top player.

Jarryd, making his Davis Cup final debut in singles, also won in straight sets, coasting to a 6-3, 6-3, 6-1 victory over India's playing captain, Vijay Amritraj, before a near-capacity crowd of 12,000 at the Scandinavium Arena.

It was evident that Amritraj, 34, one of the game's most elegant shotmakers, had not played on clay for three years.

It was his eighth setback in as many matches against Jarryd. Sweden, playing its fifth straight Davis Cup final, can clinch its fourth title by winning the doubles match on Saturday.

As expected, Wilander was never really challenged by Krishnan, India's No. 1 player. The Swede proved far too steady from the back court, and he was broken only once during the match, which lasted less than two hours.

Wilander, hoping to finally win a big one after losing in the French Open, the U.S. Open and the Masters finals earlier this year, got off to a perfect start, breaking Krishnan's serve for 1-0 leads in the first two sets.

He lost just eight points in five service games in the opening set, while Krishnan never managed to win more than two points in any of them.

Wilander also had a break point for 3-0, but Krishnan saved it with a volley, then held his serve for 1-2. Both held their serves the rest of the way. In one game, Wilander served two aces on the indoor clay, which plays faster than outdoor clay.

Krishnan tried to mix the pace in the first set, hitting high "moon" balls, then suddenly going for the lines. It seldom worked.

The second set followed the same pattern, with Wilander breaking serve immediately for a 1-0 lead. He raced to a 4-0 lead and had a break point for 5-0 until Krishnan finally managed to hold his serve. The Swede broke again in the seventh game, to close out the set.

Wilander also got a quick break in the final set, making it 2-0 as



Ramesh Krishnan of India, returning a shot against Mats Wilander, had considerable trouble with his serves in losing, 6-4, 6-1, 6-3, in the opening match of the Davis Cup final.

Krishnan dropped his serve for the fourth time since the start of the second set. Then Krishnan got his first and only service break of the match, cutting the score to 1-2 as he rifled a cross-court backhand past Wilander on his third break point.

But Krishnan's problems with his own serve continued. He finally double-faulted after staving off five break points in the next game. That made it 3-1 and Wilander held his serve twice to wrap up the match.

Saturday's doubles match will pit Jarryd and Stefan Edberg against the Amritraj brothers, Vijay and Anand. The Swedes won both the Australian Open and the

U.S. Open doubles titles this year and are favored against the Indians.

Edberg, ranked second in the world, ahead of Wilander, was dropped as Sweden's singles player after spraining his right foot last Monday during practice for the matches.

On India's Side, a Lot of California

The Associated Press GÖTEBORG, Sweden — The United States dropped out of the World Group in the Davis Cup last July, but there is still a certain American flavor in the final between Sweden and India.

Vijay Amritraj, tennis star turned actor and producer, has lived in Los Angeles for years. His brother, Anand, who also plays tennis part-time these days, is based at Sherman Oaks, California.

And coaching the Amritraj brothers, and the rest of the Indian team, is a real Californian, Gene Malin.

A 39-year-old who quit the professional circuit in 1981, Malin has been India's Davis Cup coach since early this year.

"It has worked out quite well this year," he said. "I keep them real loose."

Malin, who used to travel with touring pros Bonnie Gadusek and Barbara Potter, had worked out regularly with the Amritraj brothers in Los Angeles for more than three years when Vijay approached the Indian Tennis Association about the coaching job.

Malin got it and he doesn't regret that. He can certainly take some credit for India's surprising march to the final.

"They're a great bunch of guys and it's been fun working with them," he said. "We seem to mesh and hit it off very well and psychologically that's more important I think than most things."

Sweden, playing its fifth straight Davis Cup final, is heavily favored to regain the trophy it lost to Australia last year.

The final is being played indoors on clay, the surface favored by most grass or hardcourts. Most experts predict the Swedish powerhouse will have it all wrapped up after the doubles. But Malin doesn't agree.

"I know that Vijay can beat anybody on a given day and the same with Ramesh," he said. "I really felt, going into the semifinals against Australia, that we had a shot all along. I know what those guys are capable of."

Still, Malin said, the Swedes must be favored "since they're great clay court players."

Vijay Amritraj has not played a tournament on clay in three years. The Amritraj brothers have been playing Davis Cup together for almost two decades, so how much has the coaching done for them?

"Well, Vijay is one of the most intelligent players around," Malin said. "We discuss a lot of things."

"I work on some techniques and I'm able to drill them. We talk about it and go from there. It works very well. I take his advice and he takes my advice."

Malin, who played as a pro for nine years and beat such opponents as John Newcombe, Dick Stockton and Adriano Panatta but never won a Grand Prix title in singles or doubles, hopes to stick around with the Indian team next year.

"They're great people and I don't have any commitments to anybody in particular," he said.

Malin hasn't been contacted by the U.S. Tennis Association about a possible high-level coaching job. "But," he said, "Vijay has rubbed it in a little bit. He's friendly with all USTA people."

Beefed-Up Bills Can Be Bullish on Chances of Gaining Playoffs

By Gerald Eskenazi New York Times Service NEW YORK — The National Football League trade of the decade is only six games old, but the Buffalo Bills have won four times since getting linebacker Cornelius Bennett and that matches their 1984 and 1985 combined and equals 1986's total.

The Bills, who will be at home Sunday against the New England Patriots, are in the unfamiliar position of being masters of their fate: they will be the American Conference East champions if they win their last two games.

There is, however, another aspect to Bennett's arrival, which cost the Bills a No. 1 draft pick, a pair of No. 2s and Greg Bell in the three-way deal that brought them the linebacker and the Indianapolis Colts couldn't sign and gave the Colts running back Eric Dickerson.

Since Bennett has taken over at left outside linebacker, Shane Conlan, the Bills' top draft pick this year, has been able to move to the more comfortable inside spot. Both

NFL PREVIEW

makers favor the Bills by 3 1/2 points. Indianapolis Colts (7-6) at San Diego Chargers (8-5): The Chargers have lost four straight, but their offense seems to be coming around. Despite season-high yardage against the Steelers, they lost on four fumbles. Still, they don't stop the run very well. Jack Trudeau returns from an injury as the Colts' quarterback, his best move being the handoff to Dickerson. Chargers by 3.

Cleveland Browns (8-5) at Los Angeles Raiders (5-8): The Browns don't like to think they have a West Coast jinx, but they haven't won there in six games. Bo Jackson has an ankle injury and is unlikely to play, but who knows with the Raiders? Last year, Howie Long had ankle surgery after being held as probable. The Browns are concerned about the Raiders' pass rush, which dumped Bernie Kosar six times last season. Browns by 6.

Houston Oilers (7-6): The Oilers have quietly been doing some of the defensive things that once made the Steel Curtain famous. They lead the league in takeaways (fumble recoveries plus interceptions), with 42. But quarterback Mark Malone completes only 45.7 percent of his passes. Game rated even.

Kansas City Chiefs (5-8) at Denver Broncos (8-4): The AFC West team with the best record the last 10 years? It's not the Raiders. This year the Broncos have been

NATIONAL CONFERENCE

Atlanta Falcons (3-10) at San Francisco 49ers (11-2): With nothing to win, the Falcons will unveil their No. 1 draft pick, Chris Miller, as the starting quarterback. He played well last week after relieving Scott Campbell. Steve Young will be the 49ers' quarterback, replacing the sidelined Joe Montana, but they seem as concerned about the loss of Kevan Turner, their linebacker and top defensive player. No line.

Minnesota Vikings (7-6) at Detroit Lions (3-10): The quarterback situation — who's the starter — has forced the Vikings into a running-style game. That's not what they like to do, especially chasing a playoff berth. If Tommy Kramer's neck is all right, he plays. If not, it will be Wade Wilson, who beat the Lions in the season opener. Vikings by 6.

Green Bay Packers (5-7-1) at New York Giants (4-9): In their last four games, the Packers have allowed only 59 points. But in Saturday's game they will be missing Phil Epps, the fine wide receiver. Although quarterback Randy Wright may not have much of a Giant pass rush to contend with, Giants by 7.

St. Louis Cardinals (6-7) at Tampa Bay Buccaneers (4-9): The Cardinals are another under-500 team still in the playoff race. The Buc's

WESTERN CONFERENCE

San Diego Chargers (8-5) at Los Angeles Raiders (5-8): The Raiders don't like to think they have a West Coast jinx, but they haven't won there in six games. Bo Jackson has an ankle injury and is unlikely to play, but who knows with the Raiders? Last year, Howie Long had ankle surgery after being held as probable. The Browns are concerned about the Raiders' pass rush, which dumped Bernie Kosar six times last season. Browns by 6.

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AMERICAN CONFERENCE

New England Patriots (6-7) at Buffalo Bills (7-6): The Bills think this game might hinge on special teams, and they lead the NFL in blocked punts, with four. More likely, it will come down to Blue Cross. The Patriots had nine players hurt last Sunday, including such key ones as Stanley Morgan, Steve Nelson and Garin Veris. The Bills' offense is young; the Patriots' quarterback, Steve Grogan, isn't. Nevada odds

makers favor the Bills by 3 1/2 points. Indianapolis Colts (7-6) at San Diego Chargers (8-5): The Chargers have lost four straight, but their offense seems to be coming around. Despite season-high yardage against the Steelers, they lost on four fumbles. Still, they don't stop the run very well. Jack Trudeau returns from an injury as the Colts' quarterback, his best move being the handoff to Dickerson. Chargers by 3.

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Philadelphia Eagles (5-8) at New York Jets (6-7): The Eagles' mighty pass rusher, Reggie White, said he was contemplating, oh, four or five sacks of Ken O'Brien. Will a starting role revive Mark Gastineau in his quest for the Eagles' quarterback, Randall Cunningham? Jets by 2.

New Orleans Saints (10-3) at Cincinnati Bengals (4-9): The Saints average 38 running plays a game. Small wonder they lead the NFL in possession time. Last season, they were last. Saints by 3 1/2.

SCOREBOARD

Table with columns for Hockey, NHL Standings, and various team records.

Basketball

Table with columns for NBA Standings, Eastern Division, and Western Division.

Transition

Table with columns for Baseball, Football, and Hockey.

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Advertisement for Escorts & Guides, International Classified, and various travel services.

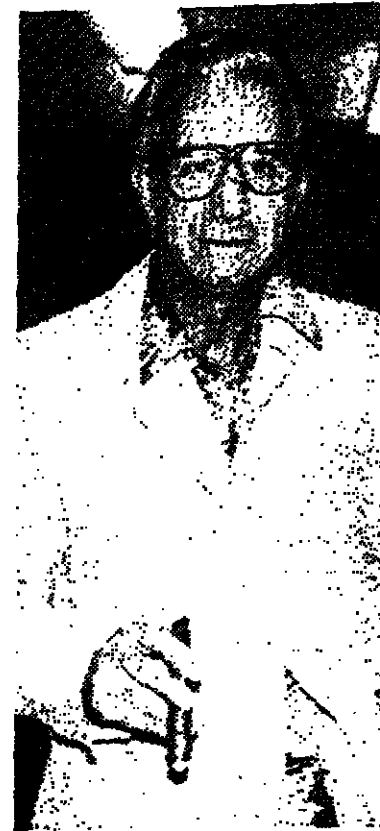
POSTCARD

Greetings for the World

By Paul Lewis
NEW YORK — Ask Kathryn Andrews how many shopping days are left until Christmas, and she may well ask, "What year?"
Some of her concerns are even more complex and exotic. For example: How many working days remain before Hindus start celebrating Diwali, the Festival of Lights, in 1989, or until Moslems end their Ramadan fast that year?
And, for that matter, what kind of pictures will Jews, Moslems, Christians, Hindus and Buddhists fancy in two years' time?
Andrews is the chief of art and design for the United Nations Children's Fund, UNICEF, which spends \$400 million annually helping poor children around the world, raising slightly under 10 percent of that money by selling greeting cards.

Hard Times for a Hit Man Out in the Cold

"You come in alive and go out dead." — Mafia motto, according to Aladena "Jimmy the Weasel" Fratianno
By Steve Coll
WASHINGTON Post Service
SEATTLE — Visibly nervous, pressing his back against the door, Jimmy Fratianno is remembering that, when he killed people for a living, he sometimes did it just like this. He lured his victims — just as he has now been lured — into a silent, solitary room, closed the door and then strangled them with a rope.
He wanted to meet this way; no photographers, no bodyguards, just one on one in a hotel room. Still, when the door clicks behind him and his eyes dance from corner to corner, searching, it is clear that he is making an assessment.
"Will never stop," a calmer Fratianno says of his fear a few minutes later. He is seated in a chair, satisfied that the room contains only a reporter. "It's a Commission contract," he says — a contract on his life, that is, put out by the organized crime families against whom Fratianno has testified during his decade-long and recently terminated career as a government witness.



"Jimmy the Weasel" Fratianno.

ly, Roselli's gang tried to muscle in on Mickey Cohen, the Hollywood-connected gambling impresario who controlled most of the Strip's illicit business.
Over the years, Fratianno barely scratched out a living. He was present for the founding of modern Las Vegas in the late 1940s, but his Los Angeles family was about the only major organized crime group that failed to secure a profitable ownership interest in one of the new casinos there. "Vegas was our town," Fratianno laments. "We just never could get lucky up there."
"Frankly, Fratianno was not a very successful member of the Mafia," says Denny Walsh, a reporter for The Sacramento Bee who has tracked West Coast organized crime figures for years. "His career as a criminal is noteworthy more for its failures than for its accomplishments. He always had these great schemes, but very seldom did they pay dividends."
In the late 1970s, following his third stretch in prison, the murder of his friend Roselli and some jostling inside the L.A. crime organization, Fratianno was made acting boss of the L.A. family. He also became the target of a murder contract.

PEOPLE

Benazir Bhutto Wed

In Arranged Marriage

The Pakistani opposition leader Benazir Bhutto married the businessman Asif Ali Zardari in a traditional Islamic ceremony in Karachi Friday. The wedding was attended by close relatives of the two families, who had arranged the marriage. A public reception erupted in pandemonium and a woman was killed by a stray bullet when people fired in celebration. Hospital sources said the 25-year-old woman was watching the celebration from the balcony of a nearby building when she was shot.
The South African mining millionaire Sir Alfred Beit has donated 17 paintings to Ireland's National Gallery — including four that were stolen. The gallery will hang reproductions of the four, including a Goya and a Vermeer, which were taken from his Irish home at Russborough House in County Wicklow in May 1986. The gallery director, Hester Postle, told reporters Friday that the gift included a Manilla series, a Vermeer, Gainsborough's "The Cottage Girl" and "The Lute Player" by Frans Hals.
Jack Nicholson's portrayal of the devil incarnate in "The Witches of Eastwick" and his work in two other films earned him best actor honors in the New York Film Critics Circle awards for 1987. Nicholson was also cited for his performance as a drifter in "Ironweed" and as an anchorman in "Broadcast News," which walked away with first awards. The comedy about journalism was named best picture and Holly Hunter was named best actress for her role as a hard-core television producer. James Brooks won for best director and best screenplay.
On a day when his boss won \$600, Carlos Ovejas stole virtually all of the thunder by capturing the largest individual payoff in the two-year history of the California lottery — \$25 million. The 40-year-old factory worker drew all six winning numbers in Wednesday's Lotto 6-49 game with a \$1 ticket.
The pop diva Madonna, 27, withdrew her petition for a divorce from the actor Sean Penn, 27, two weeks after moving to end the turbulent marriage.

CHRISTMAS GIFTS

The INTELLIGENT Christmas Gift they will remember all year. EUROPE INTELLIGENT weighty magazine for American opinion. See Int'l Investor Section Dec. 19. Tel: 31-46-362111. Tel: 12405 Fax 22297

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